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SYDNEY J. CHAPMAN

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THE HISTORY OF ANGLO-AMERICAN TRADE

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THE HISTORY OF TRADE

BETWEEN THE

United Kingdom and the United States

WITH SPECIAL REFERENCE TO THE EFFECT OF TARIFFS

BY

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SYDNEY J. CHAPMAN

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PREFACE

THIS book is a portion of the essay which was awarded the Cobden Prize at Cambridge in 1898. The rest has been kept back either on the ground that it would not prove to be of general interest, or because of its tentative character. But many of the opinions to be found in this work are built on the discarded diagrams and matter, so they were not entirely valueless. The curt statements here and there as to the weight of different tariffs are generally the conclusions which I arrived at after making careful analyses of the various schedules which related to imports from the United Kingdom. But in no case have I made a judgment without first carefully weighing whatever opinion Professor

Taussig may have expressed on the point. To Professor Taussig I owe a special debt of gratitude, since it was through his instrumentality that I was enabled to obtain from the Bureau of Statistics at Washington official publications containing tariff regulations from 1790 to the present day, and some volumes of useful statistics. I take this opportunity of thanking also the officials at the Bureau of Statistics for their aid in the shape of valuable, yet gratuitous, literature. For the rest, this work lays no claim to originality. Most of the historical material was obtained from the recognised authorities—more especially from the works of D. A. Wells, Carroll D. Wright, and A. S. Bolles, on the other side of the Atlantic, and the census reports; and on this side from the works of Leone Levi, Dr. Cunningham, and Sir Robert Giffen. I have also found much that is valuable for the later periods in trade journals, notably the *Engineer*. And I must not forget the stimulating effect of Ugo Rabbeno's brilliant essay on "American Commercial Policy." To Professor Marshall I am sincerely grate-

ful not only for advice before I began this essay and for helpful criticism afterwards, but also for much that rendered it possible. Lastly, I have to thank Mr. K. T. S. Dockray for considerable and valuable assistance with the proofs.

S. J. C.

UNIVERSITY COLLEGE,
CARDIFF.

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ANGLO-AMERICAN TRADE

CHAPTER I

QUANTITATIVE ANALYSIS OF ANGLO-AMERICAN TRADE

THE curves for "visible" exports and imports in Diagram I. are based on the figures given in the Statistical Abstract of the United Kingdom. English figures were taken instead of American, because they are more reliable. According to Mr. David A. Wells, the latter are especially unsatisfactory for periods prior to 1867. I have, however, compared the two sets of figures, and I find no serious disagreement. They, therefore, corroborate each other. Statistics of trade before 1854, whether English or American, have not much value. They may only be taken as true in indicating general movements, and as general trade movements may be equally well described in language, the figures for trade prior to 1854 have been omitted from the diagram.

The quantities of the constituent elements of Anglo-American trade for the years before 1871 could not

be obtained, if at all, without very considerable labour. The figures for trade after 1870 I obtained from some of the Monthly Summaries of Finance and Commerce issued by the Bureau of Statistics at Washington, and from them Diagrams II. and III. have been constructed.

The costs of carriage shown in Diagram I. were the outcome of a manipulation of figures which must be laid before the reader for approval. Cost of carriage is an important element in the balances in Anglo-American trade, as we carry far more between the two countries than the United States, and the difference has steadily increased. And not only must the division of costs of carriage between the United States and the United Kingdom be entered, but also cost of carriage on American account by us, and cost of carriage on British account by the United States—if there be any—in trade other than Anglo-American.

The direct method, following the order of thought, would be to estimate the proportion of the total costs of carriage between the United Kingdom and Great Britain borne by each, and to add to the account the cost of shipping services performed by each for the other in outside foreign trade. There is, however, a simple plan to which the figures at our disposal more directly lend themselves. It is to express our imports from the United States and our exports to them at values at the port of origin, and to add to

the latter the total shipping services performed by us for the United States, and to the former their total shipping services performed for us. This method has been adopted.

The first step is to express our imports at values at the port of origin. The exports, of course, are so expressed. On first thoughts we may be inclined to accomplish this by substituting for our import figures the United States statistics of exports, which are estimated, as ours, at values at the port of departure. But there are obvious and fatal objections to this procedure. Firstly, American values are computed and not declared, and so they do not so exactly follow price variations as ours. Secondly, it is bad to compare figures from one source with those from another, even if they are collected on the same plan, as we may not assume that the error is the same in both, although we may take the error as an approximately constant percentage when the figures of different periods from the same source are compared.

The determination of the cost of carriage is by no means easy, but we have the advantage of some previous calculations. Using these calculations, I shall attempt to estimate firstly the cost of carriage for some single year, and secondly the variations in freights over the whole period for which we have figures. In view of Sir R. Giffen's essay[1] upon this subject, 1880 has been taken as the standard year.

[1] Pt. IV. of Essay VI. of second series of "Essays on Finance."

In 1878 Mr. Newmarch quoted Mr. McKay of Liverpool to the effect that the freights earned in British bottoms amounted to 30s. per ton on imports, and 20s. per ton on exports. Sir Robert Giffen, in 1882, quotes a calculation by a shipowner showing that, on the weights of goods actually imported and exported in the American trade, freights come to about 27s. 6d. and 20s. respectively. Sir Robert Giffen assumes that these weights would be represented by tonnage entered and cleared. In this case, taking American trade as typical, the earnings on the tonnage of British ships entered and cleared, with cargoes only, in the United Kingdom in 1880 would be :—

Imports, ...	£34,000,000
Exports, ...	27,000,000
Total,	£61,000,000

Net registered tonnage has been converted into gross in the proportion $\frac{2}{3}$: 1.

Mr. McKay's estimates would give for the same year :—

Imports, ...	£37,000,000
Exports, ...	27,000,000
Total,	£64,000,000

Sir Robert Giffen has calculated, by other methods,[1]

[1] See his Essay previously quoted. The result is based on an examination of the general excess of imports, and of the earnings of typical vessels, and of the shipping figures.

that England probably earned by freights £58,000,000 per annum, on the average, between 1878 and 1880, excluding costs in foreign ports, which he takes at one-sixth of freights. Therefore the gross earnings were approximately £70,000,000. If we compare the result with Mr. McKay's and the other calculations, we find that in the former case £9,000,000, and in the latter £6,000,000, remain for the earnings of British shipping in foreign trade other than English. This seems insufficient, as at that time the total value of English trade was less than £700,000,000, while that of the world was more than £1,900,000,000.

The cause of the error may be that the earnings of our shipping in English trade is estimated too high, or that our total shipping earnings are estimated too low. There are facts to indicate that the cause of the error is on both sides. In the discussion which followed Sir Robert Giffen's paper, two or three gentlemen, one a large shipowner, strongly expressed their opinion that freights per ton had been stated at too high a figure. On the other side, as regards total costs of transport, Sir Robert Giffen's calculations are based on the total excess of imports. Now, some countries, the United States for instance, express the values of imports and exports at the port of origin, so, in these cases, there would be no excess of imports representing the expenses of shipping. The total cost of transport arrived at by Sir Robert Giffen will therefore tend to be too low.

On balancing the evidence I think we may safely take it that 27s. 6d. is an overstatement rather than an understatement. We may conclude that 26s. per ton will fall not far from the correct amount. This will give about £58,000,000 as the earnings of British shipping in British trade.

The variations in freights have now to be determined, and here we have what looks very like conflicting evidence. Figures given in the Senate Report on Wages and Transportation show that the particular freights there given rose from 1866 to 1873 about 50 per cent., fell from 1873 to 1882 more than 50 per cent., and fell from 1882 to 1888 about 25 per cent. General prices rose slightly in this first period, fell about 23 per cent. in the second period, and about 18 per cent. in the third period. The fall in freights was therefore abnormal, even if we omit the high rates of 1872-4.

Further evidence may be adduced. The freights for cotton were (in pence per lb.)—

In 1872.	In 1888.	
1·190	·560	Bombay to Lancashire—cotton.
·985	·500	Lancashire to Bombay—yarn.
2·175	1·060	

That is a fall of more than 50 per cent.

From the "Shipping Year Book" we learn that nine important and separate freights amounted to

£12 15s. 3d. in 1882; they then fell steadily, and in 1897 they reached only £6 6s. 6d. That is a fall of more than 50 per cent.

We might work out another line of argument and show that, even if cost per ship's tonnage has not decreased, yet the greater rapidity of transport and the better organisation of shipping, which decrease delays and voyages in ballast, have caused a great reduction in freights. But the cost of new iron (or steel) ships has greatly diminished; from £18 per ton in 1872-74, to £13 in 1877, to £12 in 1880, and to £7 in 1887, for first-class screw steamers, with triple compound engines and increased carrying capacity. About 1875 a 3,000 ton ship allowed 2,200 of its tonnage for coal, and 800 for cargo; now the proportion is nearer 800 to 2,200.[1]

This is the alarmist side of the case; but much may be said on the other side. The rapid displacement of shipping in the decade after the opening of the Suez Canal prevented freights falling in proportion to the fall in the cost of construction and in the time of transit per mile. A shorter "consumption period," to use Prof. Hadley's expression, was ushered in, and this checked the fall in freights. Again, the sensational reductions in cost of carriage were to a great extent confined to particular commodities carried under particular conditions. The Lancashire to Bombay freights, for instance, quoted

[1] See Wells' "Economic Changes," p. 36.

above, depend largely on the fact that Africa was made an island, and that the shorter circuit by the Suez Canal could be taken instead of the Cape route. The decrease in the cost of carriage of wheat, given in the Senate Report above referred to, is doubtless due in part to the wheat-growing competition of India, which came with the Suez Canal, working upon rates which cannot be based on cost of production individually, but only in the mass, and which, therefore, form a system the parts of which are regulated by the principle of the imposition of charges which the traffic will bear. True, there was also a fall in the rates on provisions, but the ships engaged in the trade probably carried more than wheat and provisions to Liverpool, and they certainly carried something back. We have no true indication of the movement in rates except by the whole of the rates charged in a particular service.

Of this aspect of the question Sir Robert Giffen's views may be put forward in support. He wrote in 1882:[1] "The reduction of freights" (from 1854 to 1880) "cannot have been very great all round, though it may be large in some descriptions of cargo. The expenses, owing to the rise of wages, notwithstanding the great economy of iron as compared with wood, and the economy of labour by means of large vessels, and the substitution of steam for sailing, still remain very large, both per ton and per voyage."

[1] "Essays in Finance," 2nd Series, p. 192.

The variation in freights assumed by Sir Robert Giffen can easily be deduced from a table given in the same Essay. In this table the net amount earned by British shipping is estimated. If the $\frac{1}{6}$th subtracted for costs abroad is added to these figures, and the result is expressed per tonnage of British shipping entered and cleared, we have the movement in freights, thus :—

Years.	Giffen's figures for total earnings of British vessels, less costs abroad.	Gross earning of British vessels.	Net registered tonnage of British vessels entered and cleared in cargo.	Gross tonnage of same, calculated in ratio of 1 to $\frac{3}{2}$ net registered tonnage.	Freights per ton.	Freights per ton, assuming that $\frac{1}{6}$ of total earnings of British vessels are in foreign trade other than British.
1854-56	25	30	10	14	2·14	1·8
1857-59	27	32	11	17	1·88	1·59
1860-62	28	34	13	19	1·79	1·5
1863-65	34	41	16	24	1·71	1·4
1866-68	37	44	19	29	1·24	1·0
1869-71	39	47	23	34	1·38	1·1
1872-74	46	55	26	39	1·18	1·0
1875-77	51	61	29	43	1·19	1·0
1878-80	58	70	33	49	1·43	1·2

(The first two columns express millions of pounds sterling, the next two millions of tons, and the last two pounds sterling.)

I cannot but think that Sir Robert Giffen is wrong in assuming such uniformity in rates after 1869, and such a fall in the period 1857-65. Putting the whole of the evidence together, I have decided to keep well on the safe side, and to make the following assumptions with respect to rates :—

Years.	Rates on all trade per gross ton.	Rates on imports from U.S. to U.K. per gross ton.
1854-62	£1·6	£1·9
1863-69	1·5	1·7
1870-72	1·4	1·7
1873-74	1·3	1·6
1875-77	1·2	1·4
1877-80	1·1	1·3
1881-83	1·0	1·2
1884-88	·9	1·1
1889-96	·8	1·0

This makes the fall in freights slightly greater than that in general prices since 1873.

We might apparently now obtain the figures for imports from the United States, less cost of carriage,

by multiplying the tonnage cleared to Great Britain in United States ports by import freights.[1] The tonnage figures are attainable; but the suggested operation is undesirable, because it involves a passage from English to American figures. The error would probably be less if we assumed freights to fall as general prices—the fall we have allowed is not considerably more—and reduced the value of the imports by a given percentage.

This percentage is easily determined by finding the total earnings on the tonnage entered in the United Kingdom at the freights we have assumed, and taking the ratio of the figures to values. The following is the calculation for three periods:—

Years.	1 Average registered net tonnage, cargoes only, entered.	2 Gross tonnage.	3 Freight rates per gross ton.	4 Total freights.	5 Average value of imports.	6 Percentage of freights on imports.
1870-72	16	24	£1·7	£41	£330	12
1878-80	22	33	1·3	43	381	11
1894-96	32	48	1·0	48	422	11

(000,000 are omitted from the figures in columns 1, 2, 4, and 5).

The percentage which gives the least error is about 11; and it will be found that the error is not great in any year.

[1] These figures are not given in English Statistical Abstracts.

The relation between imports and exports in Anglo-American trade is thus obtained. The balance owing to us on shipping has now to be deduced. We have in the American Statistical Abstract the tonnage of British ships entered and cleared in the United States, and in our Statistical Abstract similar figures for United States vessels. If these figures were from the same source they would give a close approximation to the true relation between the shipping services performed by the United States and the United Kingdom for each other respectively; but even as it is they probably bring us near the facts. It has to be pointed out, however, that, although all British ships which enter American ports create a debt to us, yet the debtor need not be the United States. Carriage may be on account of some other nation trading with the United States. There are no figures to tell how much should be debited to America; but the error resulting from neglecting other nations will probably not be large. Further, there will certainly be a balance of commissions and miscellaneous charges owing to England. These (say 2 per cent. on total trade) will vary from £1,000,000 in 1854 to nearly £3,000,000 at the present time. This cannot be an overstatement, since Sir Robert Giffen allows 2½ per cent. on England's total trade as the balance due to us. Commissions have been omitted both in the calculation of the cost of carriage of United States exports to us, and in that of the balance of shipping

charges owing to us by America. Our figures will therefore certainly err by defect rather than by excess.

Before the surplus shipping services were entered in Diagram I. gold and silver exports and imports were introduced. The importance of the addition follows from the fact that the United States have discovered and distributed large supplies of the precious metals. Gold and silver in American trade are therefore to be viewed as ordinary commodities in great part, though much passes backwards and forwards as a make-weight. In the case of exports from America, the cost of carriage on bullion has not been included in the previous calculations, partly because the estimates of freight per ton at my disposal were based only on merchandise. It is evident, however, from an examination of the figures that only a small error is risked.

The statement of trade between the two countries is not even yet complete. Of invisible goods there remain still loan and interest transactions, and the difference between the expenditures of English visitors in America and of American "citizens" in the United Kingdom. The last item will be entirely omitted, for the difference must be small, although the balance between the United States and the rest of the world may be, as Sir Robert Giffen estimates it, 10 to 15 millions. But the rest of the world includes Paris, where there is a large American colony.

The loan and interest balances have been calculated by the following method:—From the differences between United States imports and exports (including bullion) the balances on shipping and on travellers owing by the United States were subtracted. The remainders, plus or minus, were taken to represent loan and interest balances. The meanings of these expressions will be given in full detail later. The manner in which shipping and travellers' expenses have been calculated must now be described.

To find the total expenses of transport in American trade I multiplied the total tonnage entered and cleared in United States ports by the freight rates per ton previously adopted. The reason for taking registered net tonnage, when the freight rates are calculated on gross tonnage in cargo only, is thus: — Registered net tonnage is to gross tonnage as 1 to $\frac{2}{3}$ (Sir Robert Giffen's estimate). Tonnage in cargo and ballast to that in the former only is roughly as 1 to $\frac{5}{6}$. Our statistics of registered net tonnage are therefore to be multiplied by $\frac{3}{2} \times \frac{5}{6} = \frac{5}{4}$. The balance of freights owing by the United States must therefore be multiplied by $\frac{5}{6}$ (Sir Robert Giffen's estimate) to make allowance for expenses in American ports. We may obtain the same result, of course, by multiplying tonnage directly by $\frac{3}{2} \times \frac{5}{6} \times \frac{5}{6} = \frac{25}{24} = 1$ approximately.

The result was next reduced by the difference between the percentages of goods carried in United States and foreign vessels respectively.

Take 1878 for example. We have:—

Percentage carried in United States vessels = 26.
" " Foreign " = 74.

Therefore percentage balances owing by the United States $= 100 - 26 \times 2 = 48$, that is, $74 - 26 = 48$.

Freights = £1·1 per ton.

Total tonnage = 23 millions.

Therefore balance owing by United States

$$= 23 \times 1{\cdot}1 \times \tfrac{48}{100} = £12{,}000{,}000 \text{ approximately.}$$

Here we must pause to find support for our conclusions. In his third report as Commissioner of Revenue, Mr. D. A. Wells calculated the shipping balances owing by the United States to foreign countries. His method was to take a percentage of the excess of values carried in foreign ships to represent cost of carriage. He decided that 8 per cent. would be approximately correct. The disadvantage of Mr. Wells' method (which is the one I adopted to obtain United States exports to the United Kingdom, valued at the port of origin), when compared with the one used above, is that in the former the economic gain arising from improvements in transport is supposed to be identical with that resulting from improvements in production generally. We may assume that this is so for a short period,

such as Mr. Wells takes, especially for the period 1859-69 when the great changes in means of transport had not begun. But the assumption is violent for a long period, and it is therefore undesirable to make it if another method not involving it can be followed. There is another method based on tonnage, and this is the one I have decided to use. My confidence in the method was considerably strengthened when I found that Mr. Wells' results tallied roughly with mine for the period his investigations covered.

If the reader will turn to Essay VI., Part V., of Giffen's "Essays in Finance," he will find the following passage:—"The United States is the country which has perhaps the largest excess of exports. In the last six years, including bullion, that excess has been £37,000,000 annually. The United States is practically *a country whose exports, apart from the question of interest on borrowed money, ought to balance its imports, its foreign shipping being quite insignificant, earning for it probably, according to the above calculation of £5 per ton for sailing ships, about £6,000,000 a year only.* How, then, is the excess of exports to be accounted for? What economic circumstances or conditions does it imply? I have to suggest two things—(1) The expenditure by United States citizens travelling abroad, less the expenditure of foreigners travelling in the United States; (2) The interest payable to foreigners on account of

foreign capital invested in the United States." (The italics are mine.)

I am entirely in agreement with the above on the question of the earnings of United States vessels. For the five years 1876-80, the time of which Sir Robert Giffen writes, 44, 46, 48, 54, and 66 were the differences in percentages of trade conducted in United States and foreign vessels. Then the percentages carried in United States vessels were :—

$$
\begin{array}{ll}
1876. & \frac{100-44}{2} = 28 \\
1877. & \frac{100-46}{2} = 27 \\
1878. & \frac{100-48}{2} = 26 \\
1879. & \frac{100-54}{2} = 23 \\
1880. & \frac{100-66}{2} = 17
\end{array}
$$

From the total tonnages entered and cleared in the United States, freights, and the above percentages, we may arrive at the earnings of the United States mercantile fleet engaged in foreign trade. Thus :—

	Tonnage in millions.	Freights		Above percentages.		
1876.	20 ×	£1·2	×	28 ÷ 100 =	£6·72	millions.
1877.	21 ×	1·1	×	27 ÷ 100 =	6·21	,,
1878.	23 ×	1·1	×	26 ÷ 100 =	6·5	,,
1879.	27 ×	1·1	×	23 ÷ 100 =	6·9	,,
1880.	31 ×	1·1	×	17 ÷ 100 =	5·7	,,

£6·4 millions = average earnings.

But although the United States fleet earned these amounts, foreign fleets in United States trade earned in the same years 18, 17, 29, 23 and 29 millions of

pounds sterling, and therefore there were balances owing by the United States of 11, 11, 12, 16 and 23 millions. United States imports and exports, except for the two elements mentioned by Sir Robert Giffen, therefore ought *not* to balance.[1]

The great excess of about 37 millions of American exports was peculiar to the period 1876-81. I should explain it as follows. There had been a prodigious investment of capital in the United States from about 1869 to 1873,[2] the period of the railway mania, when 28,400 miles of permanent way were laid down, and those years were distinguished by great trade activity generally. A check came in 1873 with crises in Vienna, New York, and Germany, and in 1875 there were large failures in England. Recovery from the consequent depression was retarded by further large failures in 1878, notably by the collapse of the City of Glasgow Bank. Depression following enormous investment of English capital in the United States, and accompanied by distrust of the soundness of American securities, prevented English capital crossing the Atlantic for some years. In the period from about 1874 to 1879 the interest from the United States would not be offset at all by fresh loans, and it would even be accompanied perhaps by some return of capital.[3] We should therefore expect an

1 American imports are valued at the port of origin.

2 Taussig, "Tariff History," p. 321.

3 By much return of capital according to Taussig, see "Tariff History," p. 321.

increase in the ratio of United States exports to imports.

To resume the main argument. In addition to deducting the balance owing on shipping, we must subtract also that on travellers' expenditures. Sir Robert Giffen estimated the latter at 10 to 15 millions. But then, in 1880, he had a big balance to explain, and he had taken shipping balances against the States as negligible. The estimate is therefore very probably too high rather than too low. After consideration of United States passenger statistics and population statistics, I have somewhat arbitrarily adopted these figures :—

1854-66	£7,000,000
1867-79	£8,000,000
1880-89	£9,000,000
1890	£10,000,000

These amounts lie midway between Sir Robert Giffen's figures and those given by Mr. Wells in his third report as commissioner of revenue. The latter makes the balance owing by the United States in 1869 only \$25,000,000. He supports his results by taking the difference between United States citizens returning home and non-immigrant aliens arriving in the United States, the expenditure of each traveller being estimated at about \$1,000 dollars. The objection to using passenger statistics as the basis of calculation for a long period is that too much influence over the

balances is allowed to flying visitors, who spend least, and too little to those who stay longest and spend most: too little emphasis, for instance, is laid on the expenditure of the American Colony at Paris, and too much on the expenditure of those who "do" the Continent in six weeks.

Following Mr. Wells' method I obtained balances for the period 1871-1894, and they fluctuated from about \$18,000,000 to \$75,000,000 They were obviously absurd. For the reasons stated above, I discarded them and adopted the arbitrary figures previously given. They cannot be far wrong, since they show such a moderate increase as we should expect, and, so far as the earlier years are concerned, they approximate to both Sir Robert Giffen's and Mr. Wells' estimates, which are really not built on figures —although the latter strengthens his position by quoting figures—but are immediate quantitative judgments which have been unconsciously built up by many years of experience.

The increase in the balances may appear too small, but the remembrance that the fall in prices about offsets the increase in population since 1873 will correct this appearance.

The remainder after the last deduction is what has been termed loan and interest balances. Half these balances are assumed to lie between the United Kingdom and the United States.

By a loan and interest balance between two coun-

tries is meant that which remains to be paid or received after one country is credited with its new borrowings and the interest due to it on old account, and debited with its new loans to the other country and its interest owing on old debts. The meaning of the loan and interest balances attached to our exports to the United States is that in addition to the merchandise, and gold, and shipping services, for which we require equivalents in value, there are certain promises to pay on the part of the United States which require meeting. These promises, of course, somewhere bottom on services. The promises may take the form of new loans, or of interest on old loans. The meaning of the balances attached to our imports from the United States is exactly the same as the above, the countries being interchanged as regards their relation to the debt. To put it in other words, the former mean the export of securities or of discharges of debt to the United States, and the latter their export to us of the same classes of property.

The quantitative accuracy of Diagram I., in which most of the above results will be found graphically represented, cannot, of course, be guaranteed, but the ratios between the quantities of different years are probably nearly correct. The balance due on shipping, for instance, in 1880, may be more or less than 16 millions, but the ratio between the balances of 1880 and 1890 will not differ much from 16 to 13.

We see that our real imports are bigger than they

appear, but that our real exports are very greatly bigger. But the difference between the two is not exhausted. There still remains an excess, which has amounted to more than 50 millions, unexplained. It stands for roundabout trade. We pay for many goods imported from America by exporting to other countries, which export in turn to America. The amount of this roundabout trade seems enormous; and, unless certain considerations are borne in mind, we shall carry away false ideas. Our imports from the United States represent more than the final services performed by them for us. We import a considerable quantity of raw material to re-export in the form of manufactured goods. If trade was in finished goods only, the difference between exports and imports would tend to be less. A manufacturing country trading with a producer of the raw material which it uses, must almost necessarily import more from that country than it exports to it, if the manufacturing country's trade with other countries is at all great.

The quantitative analysis of Anglo-American trade is now complete. We have the elements of trade between the United States and the United Kingdom before us, so far as those elements are attainable by statistics, and not only the amounts of merchandise, but also those of every description of services.

CHAPTER II

THE HISTORY OF ANGLO-AMERICAN TRADE FROM 1776 TO 1846

United States trade, as distinguished from colonial trade, begins after the War of Independence. As soon as hostilities were at an end Great Britain removed all restraints upon intercourse with America, and in a few years a large trade had grown up. It was encouraged by a treaty of commerce, the outcome of certain acts of retaliation on the part of the States against the severities of the English Navigation Acts.

The continental wars stimulated an ephemeral expansion of United States trade as a whole, which received its first check from England's attempt to prevent "the frauds of the neutral flag" by the order in council of May, 1806. The Berlin decree and many other orders and decrees followed. Much excitement prevailed in the United States; and in 1812 they made a secret treaty with Napoleon and went to war with England. Before the latter event, but after the orders and decrees and in reply to them, a non-intercourse act had been passed in America. The strict embargo laid upon all commerce with

England and France by this act was relaxed in the year following its passage, but not until the United States trade had suffered a terrible blow in addition to those dealt by the belligerents' orders and decrees, as the following figures show :[1]

	U.S. Exports.	U.S. Imports.
1790.........	$20,000,000	$23,000,000
1807.........	108,000,000	139,000,000
1808.........	22,000,000	57,000,000
1815.........	53,000,000	113,000,000
1816.........	82,000,000	147,000,000

On the declaration of peace another period of commercial prosperity dawned. It was, however, short-lived for many reasons. At the time of the war foreign competition had been so thoroughly crippled that a wide field had been opened for the foundation of new industries. They discovered at first a ready and eager market, but as soon as Europe had recovered from the stress of war, and trade had begun to move along the old lines, "the infant industries" found themselves struggling with robust rivals whose existence they had ignored. But it was not the infant industries alone which found themselves engaged in a hopeless fight; industries with a firm foothold of unquestionable natural advantages suffered also. During the continental wars America had done a great trade in food stuffs, but after the

[1] See A. S. Bolles' "Industrial History of the United States."

swords had been beaten back into ploughshares, much of their market fell away. "Peace broke out," and swollen commerce collapsed like a pricked balloon. Ugo Rabbeno asserts that the bitterness of American experience was intensified by the British practice of "dumping," by which the ousted traders sought to more rapidly recover the market which war had lost for them, and even to strangle those industries which, if allowed a fair fight and an open field, might ultimately have proved victorious.

The tariff of 1816 was protectionist. It is said by some that the protectionist movement began before 1816—as early as 1789, or even before—but no strong popular movement can be traced before the crisis of 1818-19. It was after the latter event that Matthew Carey made himself a partisan's name by preaching a protectionist crusade on the text of the "infant industries." The Act of 1816 was, nevertheless, very distinctly protectionist, though not consistently so. Woollens,[1] for instance, were subjected to a reduction

[1] The duties on woollens had been as follows :—

	1789,	5 per cent.		1804,	15 per cent.
	1790,	,,		1807,	,,
	1791,	,,		1808,	,,
	1792,	$7\frac{1}{2}$ per cent.		1812,	30 per cent.
	1794,	10 per cent.	Feb.,	1813,	,,
	1795,	,,	July,	1813,	,,
March,	1797,	$12\frac{1}{2}$ per cent.		1815,	,,
July,	1797,	,,	Feb.,	1816,	,,
	1800,	,,	April,	1816,	25 per cent.
			for 3 years then 20 per cent.)		

of 5 per cent., but cotton woven goods[1] were favoured with a minimum rate, which was excessively high, and which became absolutely prohibitive for the coarser goods with a fall in prices.

The act of 1816 was followed by a diminished rate of increase in Anglo-American trade, but how much was due to the act it is impossible to say.

The statistics of total United States trade in this period, which show a prodigious excess of imports, suggest that America was borrowing largely; probably to feed the infant industries, the death of some of which perhaps, through the destruction of capital which it involved and also of confidence, had something to do with the collapse of 1818-19.

From 1820 to 1830 only one sensational event occurred in our trade with America. A dead level of dull mediocrity steadily maintained itself except in 1825, when England's prosperity, consequent upon financial reform together with a happy combina-

[1] The duties on cotton cloths were :—

	1790,	7½ per cent.		1807,	17½ per cent.
	1791,	,,		1808,	,,
	1792,	,,		1812,	35 per cent.
	1794,	12½ per cent.	Feb.,	1813,	,,
	1795,	,,	July,	1813,	,,
March,	1797,	15 per cent.		1815,	,,
July,	1797,	,,	Feb.,	1816,	,,
	1800,	,,	April,	1816,	25 per cent.
	1804,	17½ per cent.			(for 3 years then 20 per cent.)

It was further provided by the last act that all cotton cloths whose value was less than 25 cents per square yard should be taken and deemed to have cost 25 cents per square yard, and should be charged with duty accordingly.

tion of events favourable to commerce, and prosperity's almost inevitable penalty created considerable disturbances. In 1820 the warehousing system had become general in England. In 1823 some English customs duties had been reduced or repealed. The policy of diminished restriction was continued in 1824, and in 1825 the success of the early attempts led to a very large list of reductions and repeals, which was followed by a smaller list in 1826. From 1820 to 1822 harvests were above the average—a slight check came with scantier crops in 1823—and on the whole the commercial mind was elated. The market read Eldorado in South American trade, and especially in South American mines. Companies were formed, and foreign loans (South American largely) were contracted. In all about £48,000,000 [1] was loaned between 1821 and 1825. The crash came at the end of 1825.

Our trade with the United States reflected the ups and downs: it had amounted to about 9 millions in 1823 and 1824; it rose to 14 millions in 1825 (that is by about 60 per cent.), and fell in 1826 back to 9 millions, from which it passed to 11 millions in the following year.

Nothing striking appeared in any of the tariff acts till 1828. The tariff of 1820 was a little higher than that of 1816, but it was not markedly protectionist,

[1] Journal of the Statistical Society, Vol. XLI., p. 313; also Leoni Levi's History.

nor was that of 1824, although the latter was certainly the outcome of protectionist feeling. The duties on cotton and woollen goods went up from 25 to 33⅓ per cent.; but the increase, as regards woollens, was offset almost entirely by the imposition of a duty of 30 per cent. on wool, which had previously been admitted at 15 per cent.

In 1823 an absurd bill, brought in to gratify protectionist feelings, but so framed as to ensure its defeat, to the surprise of all, and to the especial annoyance of the Jackson party, its authors, just got through. It was an abomination which tied weights to everything and so pleased nobody, but it was not quite so bad for the protectionists as its authors had hoped it would be. No great change showed itself, however, in trade with the United States in consequence. The probable effect of the bill was to keep back a flood of trade which nevertheless succeeded in partially bursting through about 1830; but not really considerably till the flood-gates were parted by the compromise tariff act of 1833.

The wave of prosperity in American trade with England, which began in 1830, reached its gigantic climax in 1836,[1] and the lowest level of decline in 1842 or 1843, is by far the most noticeable feature in the period now under examination. In 1830 trade stood at about 10 millions, in 1829 it had been only 9 millions, in 1836 it reached the high figure of 26

[1] Prices rose in the period in England about 10 per cent.

millions, and by 1842 it had fallen to 14 million pounds sterling. A rise of nearly 200 per cent., therefore, took place in the first six years of this burst of activity.

There were many events tending in the direction of commercial prosperity at this time. Huskisson's financial reforms have been already referred to. Treaties of commerce had been concluded with France, Prussia, and Holland. The London and Westminster Bank was founded in 1834; in 1836 it had several branches, and in the same year the London Joint Stock Bank was established. Many other companies also, just at this time, raised their persuasive heads. The sliding-scale of 1828 had eased the restriction on the importation of corn, and in 1832-4 the harvests were exceptionally abundant.

When we glance over the Atlantic, at the other end of the stream of trade, our eyes rest again upon credit expansion. The withdrawal of public deposits from the United States Bank, in 1833, had stimulated smaller banks, especially in the West, and they proved to be excellent instruments for land speculation.[1] We discover, moreover, great tariff reforms: 1832 experienced increased protection with diminished duties; for the defects, from the protectionist point of view, of the intrigue-begotten act of 1828 were repaired by the lowering of those duties on raw

[1] See A. S. Bolles' "Industrial History of the United States," p. 868.

materials which were known all along to be unacceptable to almost everybody, especially to the New Englanders. But the reign of the nursing tariff was short-lived. In 1833 political affairs rendered compromise necessary. The effect was the tariff of 1833. The main idea of this act was a return to the basis of 1816 by small decrements of all the duties of 1832 which were over 20 per cent. More freedom was thereby accorded to trade than it had enjoyed for many years, and still more was granted year by year.

The excess of American imports, which began in 1830, and became approximately 9 millions in 1836, makes it evident that the United States borrowed largely in this period, and, we may assume, from England chiefly. Mr. Albert S. Bolles gives some information about the destination of some of the loans. He writes: "At this period our credit was remarkably good in London;[1] and not only was merchandise sent here on credit, but capital was loaned to start banks in the West wherewith to promote land speculation."[2]

There was apparently a splutter of activity in Anglo-American trade in 1831, but it was not repeated the next year. In 1833, however, an irresistible concatenation of events both stimulated

[1] For details of the credit system at this time, see Leone Levi's "History of British Commerce," 2nd ed., p. 222.

[2] "Industrial History of the United States," p. 867.

and gave scope to dormant trade enterprise — the fall of the favourite in the banking world of America, the compromise tariff, and a second year of good harvests. Nothing could now check the upward rush to a point marking a 200 per cent. rise. But in 1836 the United States Administration again interfered with banking. The Secretary to the Treasury decreed that the notes of the Western Banks were to be refused in payment for public lands. Some justification for the decree is to be found in the rapid increase in paper money; but the result of the Government's drastic measure was disastrous—loss of confidence, loss of capital, and panic. The banking houses which came down in the crash numbered hundreds. When the news reached England, where the note circulation had been suffered to remain high, while the bullion in the Bank melted to between £4,000,000 and £5,000,000 at the end of 1836, the greatest concern seized the public mind; and when the Bank of England decided on the immolation of the English houses trading with America, and refused their paper, the impending blow fell. The President of the United States attributed the crisis entirely to a redundancy of credit; Lord Overstone came to the same conclusion, understanding by credit unbacked note issue.[1] "Credit," doubtless, expresses the main element in the disaster better than any other term,

[1] See Leone Levi, *op. cit.*

but it was credit for which an opening was provided by wise financial reforms. The dimensions attained by trade were not all due to inflation, but were to some extent solid additions, the outcome of economic advance, as the magnitude of trade after the collapse plainly indicates.

In view of these facts it is remarkable that there is a general impression in protectionist circles in the United States that the troubles of 1837 were entirely due to bankruptcies caused by the competition of English firms with the cloth and iron industries at home, competition which was admitted by the compromise tariff of 1833.

In 1838 came an improvement in trade, and in 1839 a little crisis in England. Trade then flowed sluggishly along until the Free Trade episode of 1846.

CHAPTER III

1846 TO 1857

THE financial measures of the early forties are naturally dwarfed by the great abolition bill of 1846; but their importance was, nevertheless, very great. In 1842 there were 1,090 articles and subdivisions of articles charged with distinct rates of import duty in the customs tariff; in 1846 the number was 424.[1] Moreover, many rates were reduced. The result was a state of affairs far different to that described by the committee appointed on the motion of the doughty philosophical radical, Joseph Hume. In 1840 that committee had said: "The tariff of the United Kingdom presents neither congruity nor unity of purpose: no general principles seem to have been applied. The tariff often aims at incompatible ends; the duties are sometimes meant to be both productive of revenue and for protection, objects which are frequently inconsistent with each other."

Side by side with the repeal of the Corn Laws must

[1] See Leone Levi, "History of British Commerce," on the whole of these reforms, also "Customs Tariffs of United Kingdom, 1800-1897" Blue Book (C—8706).

be placed the opening of the colonies to foreign trade in 1846, and the repeal of the British Navigation Acts in 1849. Other important events had also occurred. The telegraph had been invented, but it was not yet of any commercial importance. The penny post, however, and the railways were teaching many trades to unfold their wings, and others to engage in longer flights.

The growth of English railways is full of interest. The Manchester and Liverpool line was opened in 1830; George Stephenson had put his first locomotive on the rails in 1814. From 1826 to 1835 ninety-five Acts of Parliament were passed authorising railway companies to raise £19,000,000 in capital and loans. From 1836 to 1843 the number of Acts rose to 179, and the new capital and loans to £60,000,000. In 1844 and 1845 the Acts numbered 135, and the funds authorised amounted to more than £74,000,000; 1846 saw 1,263 schemes launched, involving an expenditure of £560,000,000. By 1851 as many as 6,890 miles of lines had been laid down.[1] The mania for railways was stimulated by a rapidly developing credit machinery driven by companies and financiers.

Nothing particular had occurred in the United States. She had expanded and built railways, but she had escaped the fever. In 1842 the country managed to blunder into a high tariff act, which

[1] Leone Levi, *op. cit.*

nobody specially wanted, except the politicians to supply an issue.[1]

The Act of 1842 was superseded by that of 1846, another political measure, but a happy accident, which gained the title of the Free-Trade Act. In fact it was not a free-trade act, but simply one which effected a moderation in the application of protection. It established several schedules, and all articles in the same schedule paid the same rate of duty. The highest rate was 100 per cent. in Schedule A. Cottons were in schedule D, and paid 25 per cent. Tea and coffee were on the free list.

Statistics of customs receipts tell something of the operation of these acts. 1842 saw a great fall, 1846 a rise, and 1857 a considerable rise in the percentage of customs receipts both to dutiables and to total imports. The revenue from customs per head, however, fell in 1842, but then recovered, rose in 1846, but fell slightly in 1857. The experience of 1846 was thus a repetition of that of England at the time of the reforms of Pitt, Huskisson, and Peel. The percentage of free imports to total imports suffered an isolated fall in 1842, but then recovered. The rise continued in 1846, then came oscillation. A fall in the percentages began in 1857.

With the above facts in mind we may now turn to the statistics of trade between the United Kingdom

[1] Calhoun "Works," Vol. IV., pp. 199-200 (quoted from Taussig, *op. cit.*).

and the United States.[1] We perceive a distinct upward movement in 1846, a fall in 1847, and then nothing of importance until 1850. These bare facts are the outer crust of a closely-packed mass of striking events. In 1845 the potato famine showed itself in Ireland; in 1846 it raged with devastating fury. In 1847 a panic and crisis appeared, which were intensified by uncertainty as to the operation of the Bank Act, passed in 1844, and by the unwillingness of the ministers to interfere and so apparently nullify a piece of legislation to which the Government had been driven by some of the best ability in the country. On examining more closely the figures of 1846 and 1847 we shall see that the increase in our exports consisted largely in gold and bullion; and we have evidence to show that very much of the increase in the imports from America took the form of provisions and breadstuffs. Mr. A. S. Bolles writes, in his "Industrial History of the United States": "A force which tended to equalise trade at this time was the Irish famine of 1846. In 1842 the British Government removed the prohibition upon importation of American cattle and provisions, and reduced the duties on corn, which were finally abolished in 1849. Under the influence of the former enactments the export of our dairy products, bacon, barrelled pork

[1] The movements in prices between 1846 and 1854 should be carried in mind here. They are very important. There was a drop of more than 20 per cent., followed by a rise of more than 30 per cent.

and beef, and grain began to grow. But when the tremendous demand of 1846 came, a wonderful impetus was given to food production and export, and a development imparted to the agricultural interests of the country which has since steadily continued. Our exports rose from $106,000,000 in 1841 to $150,000,000 in 1848; and the gain was principally in food, which constituted one-half of the value of the exports of 1847."[1]

Large relief funds were set on foot for the purchase of food for the starving Irish, and much of this food came from America. In 1845 the Government ordered £100,000 worth of Indian corn from the United States, and when the potato crop again failed and the distress intensified, it contracted a loan of £8,000,000 for the purpose of relief. In addition, immense funds were raised by voluntary subscription. In 1846 our imports of grain amounted to 4,752,174 quarters and in 1847 to 11,912,864 quarters; in former years 1,000,000 or 2,000,000 was the maximum. The bullion in our exports to America, which amounted to about £4,000,000 in 1857, partly represents the satisfaction of the debts created by the abnormal importation of foodstuffs.

England's increasing importation of foods after the repeal of the Corn Laws may be gathered from the following figures, which refer to commodities very largely obtained from America :—

[1] *Ibid.*, p. 868.

Quantities imported and retained for consumption per head of the population of the United Kingdom.[1] (*In millions of lbs.*)

	1840.	1850.	1860.	1870.
Bacon and ham...............lbs.	0·01	1·41	1·27	1·98
Corn, wheat, and flour.......lbs.	42·47	81·76	118·86	124·39

It must not be supposed, however, that English wheat-growing immediately and utterly collapsed, or that the English farmer was ruined. As a matter of fact the beginning of the second half of this century saw a revival in farming.[2] Many marginal wheat crops were cut off at once, but on the whole the change was not overwhelmingly sudden. The English landed interest shouted its loudest before it was hit, and the terrible blow which it expected never fell.

Early in 1847 a rise took place in the price of wheat, but it fell again at the fall of the year; yet the rise had doubtless been sufficient, combined with the circumstances of the famine, to bring on the impending storm which had been gathering from the materials of the railway speculations. The crisis was almost entirely due to the locking up of capital in railroads and rolling stock. On October 25, 1847, the Bank Act was set aside, and the panic was so rapidly allayed that it was found unnecessary to depart from the limits of issue allowed by law.

[1] From Appendix to Leone Levi's "History."

[2] See Sir James Caird's writings, also Prothero's "History of British Farming."

Depression followed, but trade recovered by 1850. Revolutions on the Continent in 1848 and 1849 shook confidence, and slightly retarded expansion; but nothing could resist the impetus which was given to trade—especially to American trade—by the gold which flowed from California after the discovery of its auriferous deposits in 1848. The production of the Californian mines was as follows:—[1]

	Millions of dollars.		Millions of dollars.
1848	10	1856	55
1849	40	1857	55
1850	50	1858	50
1851	55	1859	50
1852	60	1860	45
1853	65	1861	40
1854	60	1862	34·7
1855	55	1863	30

It never again rose to 30 millions, and after 1871 not even to 20 millions.

The export of bullion was great after 1849, especially to Great Britain.[2]

In 1851 extensive fields of gold were discovered in Victoria. The values of gold exported from that colony were:—·44, 6·13, 8·64, and 8·26 millions of pounds in the four years of 1851-4 respectively, and more than 10 millions per annum afterwards until 1859.

[1] From United States Statistical Abstract.

[2] The amounts sent to England were approximately 17, 34, and 19 million dollars' worth in 1851, 1852, and 1853 respectively.

The effect of these two discoveries is seen in the leap on to a higher level which prices made in the first years of the fifties. Trade was, of course, invigorated, and two backward places at least were opened up. The intoxicating influence of the new gold continued for some years.

Another event of far-reaching importance contributed to the encouragements accorded to commerce in this period, namely, the financial reforms of Mr. Gladstone in 1852. By these reforms the English tariff was again made easier to the importer. The young Chancellor of the Exchequer substituted rated duties for *ad valorem*, struck 123 articles out of the customs lists altogether, and reduced the duties on many others.[1]

From 1852 to 1857 great activity ruled in the American railway world. Although rolled iron was foolishly kept out of the States by a high tariff—and so a return to charcoal furnaces was actually effected—yet all railway iron was admitted free. The fever which had been bled in England by the crisis of 1847 now showed itself in the United States; and again here, so that English capitalists acquired large quantities of American railway stock.[2] In 1857 the reaction after over-speculation brought about a

[1] For details see Leone Levi's "History of British Commerce" and the Blue-Book on the tariff already mentioned; also Giffen's essay on the subject in his first series.

[2] See Bolles' "Industrial History."

depreciation of about 10 to 20 per cent. in railway securities.

The United States banks were not strong—the Act of 1838 had achieved little—and the backward swing of the credit pendulum swept numerous banks and large concerns into insolvency. Out of the 63 New York banks 62 suspended payment.

England heard the news just after drains of gold to the East and to Russia in support of our troops in the Crimea. The strain of adverse circumstances was greater than the country could bear. Several banks and many business firms failed, and by the beginning of November the crisis which had broken out in the United States was sweeping over this country and on to Hamburg, Prussia, Norway, and Denmark.

There is one little incident in the crisis full of instruction as regards the operation of the foreign exchanges. From the lower curve in Diagram I., at that part marked 1857, an export of gold may be read, while above it, resting on the upper curve, is the indication of a large influx of bullion. Californian mines were evidently pouring their wealth into Britannia's lap, and she, nevertheless, in 1857 sent some gold back to the States. This looks very like drifting up-stream or scudding in the teeth of a gale. The solution lies in the mental state of American traders. When credit was tottering, a realising

stampede plunged through the American market. The exchanges went below specie, merchants discounted at great loss, and bills, which in easy times would have awaited maturity, hurried over here to send back their bullion sponsors. Of course the gold came back again very shortly. There was a little momentary back-eddy only, which the stream soon seized and carried along and away.

The crisis of 1857 has been attributed by protectionist writers to the so-called free-trade tariff of that year. We must demur to this for two convincing reasons at least. Firstly, the freedom given by the tariff of 1857 was not nearly so great as is commonly supposed. Revenue articles like tea and coffee, which are not produced in the States, were admitted free, but cotton, wool, and iron were subjected to duties which were distinctly protective. Most emphatically the tariff of 1857 was not on a revenue basis. Secondly, the troubles had begun before the Act of 1857 was passed. As a matter of fact one of its objects was to allay them by getting some of the accumulated funds out of the treasury.[1] The effect of the 1857 tariff will be found in trade in the period after the crisis and before the war.

There was a fall in Anglo-American trade in 1855, which was confined entirely to our exports, and which

[1] See Taussig's "Tariff History," p. 118, and the authority there given.

was due in some measure to the Crimean war. There was also a decrease in our imports of merchandise from America in the same year, but it was entirely offset by an increase in bullion.

CHAPTER IV

1857 TO 1870

THE shock given to trade with America by the crisis of 1857 was not a long enduring one. The next year saw commerce rapidly increasing in volume. The rise continued till 1860. In 1861 Fort Sumter was fired on, and civil war was raging on the Western Continent.

The only explanation which can be given of the trade activity after the crisis of 1857 seems to be the partially-open door which was secured by the tariff law of 1857, and by England's admitted adoption of free-trade principles. Trade on the whole was not good in the years between the crisis and the war, and this fact lends colour of truth to the suspicion that the increase in Anglo-American trade was an increase due to the removal of resistances by the act of 1857, and not to the strengthening of trade-inducing forces.

Just before the war one or two astonishing movements in Anglo-American trade attract our attention. An examination of Diagram I. will show that in 1861 there was a serious fall in our mercantile exports to

the war-threatened country, but that we sent an abnormal quantity of bullion for a country which is not gold-producing—a greater quantity, in fact, than we ever exported afterwards till 1880. On the other side of the account we find no gold export, though gold was still being produced in great quantities in America, and although gold had been overflowing thence into other countries for some years previously, and in big quantities right up to 1860, and although this overflow set in again in 1862 in increasing floods. But in spite of the fact that the stream of gold from the States dried up for the space of twelve months, their exports of merchandise increased portentously at the same time. The explanation is simple. The war cloud lowering over the States cast a gloom over the immediate future. Trade ahead was in consequence snapped off; the time dimension of commerce contracted, and so importation dwindled. Old orders were cancelled when possible, and no new orders came in. Bills on England therefore fell in the States even below specie point, because there was a demand for hard cash at any price. A further check on importation was thereby administered. But the very same causes stimulated exports. The holders of stocks hastened to reduce them before the market gave way, or before transportation was rendered difficult by war. Combined with this was a demand in the States for that form of wealth which is not given to sudden collapses in value, which is durable

and easily stored, and which is also the one infallible security in times of panic.

The effect of the war itself is indicated in Diagram I. by the pit which gapes in the curve of trade from 1861 to 1866.

Events of interest and importance are specially numerous in the North and South war. It is remarkable, to begin with, on first sight, that the slave states were the free states and the free states the protective states. The reason is that the Southern States required cheap commodities, especially woollens, for their slaves, and also a market for their cotton. And perhaps we shall not be far wrong in assuming that their economics were of a sufficiently high order to teach them that the more the goods which came in the more the cotton which went out. The South had protested violently against the early tariffs—notably against that of 1823—and a dissolution of the States had threatened ; but the storm was assuaged. The Southern States contended that the Federal Government had no power to impose tariffs for more than revenue purposes, because to do so was to legislate for local interests. The tariffs of 1846 and 1857, and political wiles, kept excitement just below boiling point. Then came the Morrill tariff of 1861, and necessarily with it a violent ebullition of feeling. War soon became inevitable.

Additional complications were introduced by the slave question, which had been smouldering for long

enough. The other issue was almost lost in this. The position of affairs was remarkable. The war was represented on the one hand as the humanitarian spirit of the North waging fight for the slave; on the other hand, as the outcome of the liberal feelings of the South roused to opposition by the restrictive and selfish policy of the North. The open mind had some way to go to find light before committing its sympathies.[1]

The attitude of the North on the blockade question, and the growing effectiveness of the blockades, made trade with the Southern ports increasingly difficult. The carrying done by the American Merchant Fleet was rapidly becoming a thing of the past. The *Alabama* and other fast cruisers made it far too risky a trade to be largely indulged in.

Trade was not only checked by transport and frontier obstacles; it was also stopped at its source by the disorganisation of American industry and the turmoil which accompanied the war. Stocks had, moreover, been rushed out of the States just before hostilities began. As we had, therefore, to be ineffectively discontented with diminished supplies of cotton and provisions, we had fewer goods to send to

[1] Ugo Rabbeno writes: "It is easier to explain this conflict as a desperate effort on the part of the capitalists to subdue free trade and slavery, that increased the land rent, which, in its rapid development, began to undermine the profits of capital."

America. The cotton famine meant another famine also in England, for there were as many mouths to fill as heretofore, and fewer hands to fill them, the unfortunate cotton operatives being in a state of enforced idleness. Luckily the harvests of 1863 were abundant, and some cotton was obtained from India.

We have not yet exhausted all the difficulties which clogged the feet of trade. There seldom has been an administrator who issued more paper money, and more recklessly, than the then Treasury Secretary.[1] Prices, in consequence, more than doubled, and the premium on gold became more than one hundred per cent. The trouble, however, was not so much that prices were high and rising, as that, once the policy of the State issue of unbacked notes was embarked upon, nobody knew when the next rise would take place, and to what extent. Chase retired in 1864, but the harm had then been done, and little could remedy it.

We must now return to the Morrill tariff and the various war tariffs. There is not very much to be said, although very much that was undesirable was done. Morrill and his supporters declared a modest intention of going back to the rates of 1846. That was going back, but still not very far. They, however, introduced an important change by substituting

[1] Bolles' "Financial History of the United States," 1860 to 1885.

specific for *ad valorem* duties. Now this change alone was desirable. But it carried something more with it. The specific duties were made higher than they should have been as mere equivalents for certain *ad valorem* duties. A change of the kind in America has generally erred on the side of generosity to the home producers. Hence the common association in the vulgar mind in the States of protection and specific duties, and of free trade and *ad valorem* duties. In the Morrill tariff iron and wool were specially weighted.

The number of tariff acts during the war is considerable. One would suppose that their object would have been revenue, but it was not entirely. As a matter of fact tariff regulations, now that the Southern representatives were not in opposition, fell into the hands of the protectionists, and they abused them most thoroughly. Higher tariffs succeeded high tariffs, and customs receipts were disregarded. The year 1862 brought in its train an internal revenue act, and very soon internal taxes ran riot also. Of course it weakened, to some extent, the protectiveness of the tariff, but the protectionists were wise enough to see that the act of July 1, 1862, militated against their intentions. The outcome of their insight was the tariff act of July 14, 1862, the ostensible object of which was an increase in the customs to offset the excise. But behind it there was also a tacit intention, actually carried into effect, of going one

step further if possible. The revenue measure of June 30, 1864, which took the form of three acts, succeeded. The internal revenue act was arranged, as Mr. D. A. Wells has said, on the principle of the Irishman at Donnybrook fair : "Whenever you see a head, hit it; whenever you see a commodity, tax it." The tariff act brought the customs into line just a little in front. The third member of the measure authorised a loan of $400,000,000. The tariff of 1864 remained for the most part unaltered until 1883.

The ratio of duties to dutiables, and that of duties to total imports, and customs receipts per head of population, all rose from 1861 to 1866. The percentage of free to total imports also rose, showing how effective protection was in these years, for we know that the free list did anything but increase. There was, further, an enormous increase in internal revenue when compared with customs receipts.

The cost of the war will give some idea of the immense check imposed on trade, although it only measures some of the obstacles. The expenditure directly on the war had amounted in 1879 to $6,845,000,000, and expenditure arising out of the war had grown to $6,190,000,000. In addition there were the expenses of the separate States, which were as much as $468,000,000, exclusive of bounties on enlistment and many indirect costs. The total

(not including everything, be it noted) comes to $13,502,455,703, or approximately to a sum of £2,700,000,000. All the expenses were by no means discharged, moreover, by 1879.[1] Mr. Wells, in his third report on revenue, estimates the cost of the war to the United States Government, up to 1869, at $4,171,914,498, and gives it as his opinion that if the cost to the separate States, and the loss involved in the diversion and destruction of industry were added, the amount would be $9,000,000,000, that is, about £1,800,000,000.

The public debt rose from $68,000,000 on March 4th, 1861, to $2,807,000,000 on December 31st, 1865. The total debt contracted for the war of 1812-15 had been only $80,000,000. A comparison with the increase in England's national debt during her great struggle will be interesting. England's debt in 1783 was £268,000,000; in 1816 it had risen to £885,000,000. The increase was therefore £617,000,000, while the increase in the American debt during the civil war was about £540,000,000. We must remember, however, in comparing burdens, that the English debt was borne by a smaller population, and that a debt would be heavier at the beginning of the century than one of equal nominal amount when the century had run more than half its course.

[1] See Bolles' "Financial History of U.S.," ch. xiii., Bk. I.

Our exports to the States during the war did not collapse like our imports from the same quarter. The chief elements in the explanation I take to be as follows. A large proportion of American exports consisted of raw cotton, and this was almost completely kept back because it came from the South, and Southern ports were more or less effectively blockaded. In addition, there were the causes previously enumerated. But English industry was not in the same state of convulsion and disorganisation; and the United States required many goods which their shattered industries were unable to supply.

Diagram I. exhibits America's struggle to pay for what she did receive. The output from the Californian mines[1] was falling off for natural causes as well as on account of the war, and the increase in other supplies did not completely offset this fall. And yet gold came here in vast quantities. A big balance was however left, I imagine, if we are to argue from conditions before and after the war, and this was apparently met by loans in 1864 and the following years.

Trade, we have seen, was abnormally high just before the outbreak of dissension, but it leapt to an actually higher point at the conclusion of peace.

[1] See previous list of output. Total production from all mines fell from an average of between 50 and 60 million dollars before the war to 39 millions in 1862, and 40 millions in 1863.

For four years there had been at any rate some industry in the United States, but for four years there had been little exportation. The industrial taps had been turned to half-cock; but the waste-pipe had at the same time been choked. On the cessation of hostilities pent-up stocks rushed out of the States, and a great quantity of gold to meet the increased imports which the revival of American commercial interests called for. In 1867 trade dropped down again. This was due partly to the crisis of 1866, partly to the fact that the first rush was over, and partly to the fact that the United States lost during the war some trade which it never recovered.[1]

The crash of 1866 was one of the most terrific which this country has suffered; but it evidently did not impart a very great shock to trade with America.

[1] The figures for our raw cotton imports from various countries are :—

	United States. Million Lbs.	Egypt. Million Lbs.	East Indies. Million Lbs.
1859	962	38	192
1860	1,116	44	204
1861	820	41	369
1862	14	59	393
1863	6	94	434
1864	14	125	507
1865	136	177	446
1866	520	118	615
1867	528	126	498
1868	574	129	494
1869	457	160	481
1870	716	144	342
1871	1,039	176	431
1872	626	178	443
1873	833	205	368
1874	875	172	412

The crisis was largely due to excessive company promotion after the admission of the limited liability principle in 1855.

The crash of 1866 was followed by a piece of iniquitous tariff legislation, which had some effect in keeping trade down or preventing as great a rise as might otherwise have resulted. I refer to the Wool and Woollens Bill of 1867. Consumers had been greatly oppressed by the woollen duties both during and after the war. In 1861 the compensating plan was introduced. The system was that woollens should pay both an *ad valorem* and a specific duty, the former to protect manufacturers against foreign manufactures, the latter as compensation for the duty on foreign wool, it being assumed that the price of wool in the States would be greater than that in the exporting country by the amount of the duty. As the compensating duty was very liberal — in 1861 it was based on the understanding that four pounds of wool go to one pound of cloth — protection became very great. In 1862 and 1864 the duties were raised.

During the war the production of wool and woollens had increased. The check imposed on cotton manufactures by the stoppage of some of the supplies of raw cotton had raised the demand for woollens. When war ceased the Government's demand for woollens ceased also, and cottons began to take their old place. The wool and woollen interests were fright-

ened. In December, 1865, a convention of wool growers and manufacturers was held in Syracuse, N.Y.[1] Its outcome, the Woollens Bill of 1867, while specially benefiting certain industries, succeeded also in raising the wool and woollen duties practically all round.

The duties were enormously increased on the cheaper clothing and combing wools, which are those chiefly produced in the United States. Woollens received a like assistance. For the compensating duty it was taken that four pounds of wool go to one pound of cloth—an excessive allowance—it was further assumed that the equivalent specific duty on wools less than 32 cents in value would be 11½ cents. Compensation for the duty on wool should, therefore, have amounted to 46 cents. The Convention demanded 53 cents, the difference representing compensation for duties in dyes, oils, etc., and for interest on duties advanced. The Government actually allowed 50 cents. The *ad valorem* rate was fixed at 35 per cent. The Convention wanted a 25 per cent. protection. The extra 10 per cent. was compensation again, this time for internal taxes. Increases on the same principle run through the whole of the woollen schedule.[2]

The following wool statistics show the effects :—

[1] See Taussig, *op. cit.*, p. 119.

[2] Taussig, *op. cit.*, p. 205, *et seq.*

IMPORTED WOOL INTO U.S.

	Lbs.
1863	75,000,000
1864	91,000,000
1865	44,000,000
1866	71,000,000
1867	38,000,000
1868	25,000,000
1869	39,000,000
1870	49,000,000
1871	68,000,000
1872	126,000,000
1873	85,000,000

The recovery after 1872 is due to some extent to the 10 per cent. horizontal reduction of that year. The figures for woollens show the like fall and recovery.

The 10 per cent. all-round horizontal reduction, above referred to, would influence in some degree the whole of Anglo-American trade. But a horizontal reduction tends to leave the proportions of trade unaffected. The effect of this measure is hidden by the crisis of 1873, and in 1875 the Act was repealed. The repeal, which was, of course, equivalent to a 10 per cent. imposition, would first check American imports and attract gold. Then, the level of prices being raised in America, trade would tend to get back on to the old lines at a lower level. A glance at Diagram I. will show that we did begin to send gold to the States in appreciable quantities in 1875, and that their exports of gold to us fell off.

CHAPTER V

THE EXCESS OF UNITED STATES EXPORTS IN ANGLO-AMERICAN TRADE

A FEW words must be said now about a peculiarity in Anglo-American trade which had showed itself in the middle of the century, which was becoming prominent just after the war, and very striking in the early seventies. I mean the excess of the United States exports over her imports. In Diagram I. this excess is shown, together with the invisible imports and exports which partly account for it and partly accentuate it. Of these, we observe, there is one element which year after year operates more and more in adding to the excess, namely, the balance of shipping charges owing by the United States to us. The excess which remains after allowing for these charges, and also for gold and loans, is due to indirect trade. Indirect trade as well as shipping balances begins about 1865 to increasingly weight one side of the account.

Time was in the history of the United States when they were debtors to no country for shipping services; when on the contrary their Mercantile Marine earned a surplus every year. But to-day American shipping, except that engaged in the coasting trade, has so dwindled that it is almost a negligible quantity. The causes of the decay are many. Among the first is the substitution of iron for wood in the construction of sea-going vessels. In the days of "wooden walls" her forests gave America an advantage which raised her to the rank of an international shipbuilder, and also to that of an international carrier, for the American nature is by no means averse to the sea. The great economy which resulted from the durability and carrying capacity of iron vessels, combined with the tariff on iron and steel, effectually put an end to shipbuilding in the States. The Navigation Laws co-operated in achieving this result.

The importance of iron in shipbuilding was emphasised by the application of steam-power. Experience taught that the iron ship was more rigid than the wooden one, and, therefore, more capable of withstanding the strain of heavy machinery. John Codman, a mercantile captain and a shipowner, clearly grasped the exigencies of the American position. In the New York *Journal of Commerce*, in the spring of 1857, he boldly advocated the daring policy of "so changing our laws that we may

buy her (English) steamers as she now buys our sailing vessels, because she finds it for her interest so to do." His compatriots ignored his advice and America's vessels for trans-oceanic trade began to rot at her wharfs.[1]

The American Navigation Laws had originated in a tacit agreement between the slave States and the New Englanders at the time of the framing of the constitution. Their folly has been exposed by Mr. D. A. Wells.[2] Only very few words can be offered here.

It needs no demonstration that steel vessels, with steel machinery constructed of American steel, could not, at any rate some years ago, compete with English vessels of the same kind on the ground of cost of production alone. But by the Navigation Laws foreign vessels were absolutely prohibited imports, and, although the tariff allowed materials for vessels to enter the States free, yet vessels containing any such free material in their structure might, under no circumstances, engage for more than two months in each year in the coasting trade. The last regulation, of course, considerably increased the risks of the trans-oceanic shipping business in the States. Is it, then, remarkable that the average number of iron steam-vessels constructed in the United States in

[1] See "Our Mercantile Marine," by D. A. Wells.

[2] *Ibid.*

each year since 1885 is only about 40, that is roughly one-twelfth of the number built in England?[1]

The decay of the United States Merchant Marine was further ensured by numerous other regulations, preventing, among other things, foreign partnerships, command by foreigners, and repurchase of American vessels, and even rendering repairs in foreign ports dutiable. In addition, all sorts of annoying charges imposed in American ports hampered the shipping trade. Any little shock to a trade so burdened left a permanent effect. The Civil War struck a blow, and more than a scar remained. The opening of the Suez Canal in 1869, combined with the volume of British trade, gave England a start in the construction and management of the new ships which the new conditions demanded. The United States shipping interest was too weary to even attempt to recover lost ground.

[1] The following figures show the comparative positions of English and American shipping :—

	Tonnage of American Mercantile Marine employed in the Foreign Trade.	Tonnage of American Mercantile Marine employed in the Coastwise Trade.	Tonnage of United Kingdom Mercantile Marine. Total.
1847 ...	1,047,000	1,489,000	3,308,000
1854 ...	2,151,000	2,322,000	4,249,000
1860 ...	2,379,000	2,645,000	4,659,000
1870 ...	1,449,000	2,638,000	5,691,000
1880 ...	1,314,000	2,638,000	6,575,000
1890 ...	928,000	3,408,000	7,979,000
1894 ...	900,000	3,696,000	8,956,000
1896 ...	830,000	3,790,000	9,020,000

There was and is, moreover, one general and irresistible force tending to substitute English for American shipping, which would doubtless have brought about part of the present conditions had there been no navigation laws, no port charges, and no vexatious interferences. It is a law that movement shall take place along the lines of least resistance. England was being steadily taxed out of American markets, and she was bound to substitute shipping services for rejected merchandise in payment of her debt for American exports; or else those exports would have had to diminish also. This is largely the cause of the decline of American shipping. The services of our mercantile navy are the only goods we provide for the Americans which are not subjected to protective duties, which, indeed, are in effect bounty-fed by the American Navigation Laws. There are tonnage and other charges; but these fall also on American ships.[1]

The principle of moving along the lines of least resistance, of always flowing downhill if there is a hill to flow down, combined with the removal of obstacles and the creation of gradients in this period, is responsible also for the growing excess of American

[1] The discriminating duty of 10 per cent. *ad valorem* on goods imported in foreign vessels and the extra tonnage duties on such vessels are removable by treaty, or proclamation. England under "the most favoured nation" clause is exempt from all of them. American ships only, however, are excused consular fees.

exports to us over her imports from us. From 1860 onwards the difficulties thrown in the way of American imports became more and more intolerable; but at the same time restrictions were giving way in all other directions. Trade with China became easier on the conclusion of the second Chinese war (1858), and especially after 1860. Japan showed herself ready for trade and readily entered into treaties; and the sluggish East generally began to give some signs of life. In 1860 the Cobden-Chevalier treaty was signed; and this was followed by a perfect network of treaties of commerce.[1] Moreover, about this time a number of annoying local dues were abolished, or consolidated, or commuted for a fixed money payment. Means of transport and of communication were rapidly improving, and South American States were being opened up.

The result was that the easiest course for England became the payment of her debt to the United States by paying the United States' debts. Where the lines of trade would have fallen, what the products of each country would have been, to what extent American trade would have expanded had there been no tariff, we cannot guess. But, it may be inquired, how came it that indirect trade paid us best? The answer is that American tariffs were in effect discriminating, in being especially directed against those commodities which

[1] But a protectionist reaction in European tariffs took place at the close of the sixties.

we produce. Now the United States have surplus exports to Europe and surplus imports from South America, Central America, and the East.

With respect to the trade of the United States with the American Republics, Schoenhof has written: "Somebody ought to do something—invoke the Monroe Doctrine, to say the least—to make these republics acknowledge the solidarity of republican interests, and do their duty towards a sister republic—*viz.*, buy more goods from us. We bought of them in 1880 $176,000,000 worth of goods . . . while they took only $58,000,000 worth from us." The recommendation to buy what you do not want because the seller is a republican does not appeal to the economic mind. The censured republics could not buy from the United States as much as they sold to them and leave all things else the same. By paying their debts to South America direct the States might prevent the contraction of some debts to them by the United Kingdom.

The discrepancy between imports and exports was enormous by the close of the seventies. I should attribute it mainly to three events: firstly, the high American tariff; secondly, the opening of the Suez Canal in 1869, which made it so much easier for us to pay America through Japan and the East; and thirdly, the improvement in shipping and the consequent fall in cost of transport, accompanied by mercantile enterprise on the high seas.

The growing difference between imports and ex-

ports after 1872 began to have a marked effect on their quantitative relations. Previously, a variation in one was at once reflected in the other in almost all cases; but from 1870 to 1879 the movements are more disconnected. The explanation is that in the period from 1870 to 1879 American trade was getting on to the indirect lines. As these lines were many, and for the most part unexplored, American imports from the opening markets, and our exports to them, could go on increasing with ease in despite of adverse circumstances, and so American exports to us could expand, the contraction of her imports from us notwithstanding. After 1879 the new trades settled at a position of equilibrium. The continuous growth which marked the process of attaining this position ceased; and, therefore, after that date, we find the fluctuations in imports and exports in Anglo-American trade connected again.

CHAPTER VI

1870 TO 1878

THE year 1872 marked the apex of a big boom in Anglo-American trade. Both our exports to, and our imports from, the States had risen after 1869, but the latter reached their highest point in 1871,[1] whereas the former continued to rise till 1872. The total rise, including bullion, was 60 per cent., without bullion a little less; and if variations due to movements in prices and population are eliminated, the percentage of increase was a little less than twenty. This is one of the most important expansions in the history of Anglo-American commerce.

The cause is not far to seek, but it is full of complexity. Trade had been excellent since 1870, especially on the conclusion of peace between France

[1] The collapse of American exports was, however, only temporary. In 1872 they fell, but in 1873 and 1874 they rose again,—very greatly in the former year. The point attained in 1874 was some £8,000,000 above that of 1871—without bullion about £12,000,coo.

and Germany, and a railway mania had fallen upon the States, where 28,400 miles of permanent way were put down between 1869 and 1873. The Bessemer process had been patented in 1856, and before the seventies its great economic value was being felt.

The excellence of trade was not a mere bogus or paper excellence. Mr. D. A. Wells declares that the period lying between 1860 and 1885 will rank as "second to but very few," in invention, enterprise, and economic change. He judges that the saving in time and labour in the world's work of production and distribution in a few departments of industrial effort "certainly amounted to 70 or 80 per cent.—in not a few to more than 50 per cent." Mr. Edward Atkinson considers that the minimum saving cannot be less than one-third. Mr. William Fowler places the average gain in productive power in the period at 40 per cent. We cannot here follow Mr. Wells into the wealth of detail with which he illustrates and enforces his conclusion.[1] One group of changes has been already mentioned—that in shipping. But development in means of transportation was not confined to the carriers of the sea; methods of carriage by land also experienced a burst of vitality which carried them into a new era in their history.

Accompanying the fall in freights was a great in-

[1] See "Economic Changes," chap. ii.

crease in the rapidity of transportation. Improvements in production did not lag far behind. Those in carriage, however, were more important and their effect was more far-reaching in the domain of international trade. Developments in transportation and communication in this period produced nothing less than "world-markets."

Economic advance was unable to show itself during, and immediately after, the Civil War; but when time had been given to the American people to recover somewhat from the conflict, change upon change hurried trade along to a pinnacle of prosperity, which stands forth as prominently as any in the history of Anglo-American Commerce. In 1872 the United States imports from Great Britain were greater than they had ever been, or than they ever again became; except in 1890, when the record of 1872 was beaten, but only by about £300,000. But 1872 must yield its place as a record year if allowance is made for variations in prices. Imports were really very great, but extremely high prices exaggerated their size.

In assigning causes for the expansion of trade in this period we must not overlook the rapid development of the Southern States. Before the war it was clearly apparent to every Southern mind that the abolition of slavery spelt ruin; but events belied expectations. A new vigour was felt in the South after the freeing of the slaves. White labour

appeared and flourished, and manufactures were established. A higher level of excellence was set and maintained. At first, after the war, however, the South was in sore straits: the cotton crop failed in 1866 and again in 1867; but in 1868, the third year of the free labour experiment, a great improvement gave heart to those struggling with the new conditions, especially with the not unmixed good of a servile population quaffing its first draughts of freedom. Nevertheless as early as 1869 the Northern manufacturers reported that the new cotton was cleaner, stronger in fibre, and in all ways superior, to the old.

Although there is much cause for rejoicing in the outcome of the North and South war yet much that was undesirable followed in its train. Ugo Rabbeno quotes Ricca Salerno to the effect that when slavery ceased to exist the Southern States adopted protection, because cheap goods were no longer needed for slave labour, and protection lowered wages. Certainly the tariff experiments of 1846 and 1857 were not repeated, and in explanation some influence must be attributed to the newly-established Southern manufactures.

An examination of Diagrams II. and III. will show that the increase in English exports to the United States appeared in all classes of commodities, especially in iron and steel, wools and woollens. The former rose from $24,000,000 in 1871 to $31,000,000

in 1873, and the latter from $20,000,000 in 1871 to $23,000,000 in 1873, when a fall set in.

The tariff was unaltered from the time of the war, except that the duty on pig iron was changed from $9 to $7 in 1870, and that in 1872 an horizontal reduction of 10 per cent. on all duties was introduced. The increases in iron and steel exports were largely due to the intensification of demand for railway material.

The tariff on carpet wools varied as follows:—

	1869.	1870.	1872.
Carpet wools valued at 12 cents or less per pound.	3 cents per pound.	4 cents per pound.	10 per cent. reduction.

The duties on all other wools and woollens remained unaltered except for the horizontal reduction of 1872. The enormous increase in 1872 in the importation of wools is very extraordinary after the increased tariff of 1870.[1]

The increase in American exports in the time of expansion consisted largely in provisions and breadstuffs. Details of increases are given in the table below:—

(IN MILLIONS OF DOLLARS)

Breadstuffs	1871.	1872.	1873.	1874.	1875.
Corn	4·7	19·1	19·3	20	20·3
Wheat	30·5	28·8	41·8	*74·9*	46·7
Provisions					
Bacon	5·9	*15·2*	*22·1*	*25·5*	*23·2*

[1] See explanation in Chapter VII.

Two facts here stand out prominently—the one, the abnormal exportation of wheat in 1874, and the other the rapid growth of the pork trade. The former fact is explained by a good American harvest combined with a failure in the Russian crop and a falling off in the French supplies.

The loan and interest balances for this period suggest that the railways were largely built with English capital. And we observe further that in addition to obligations much bullion figured among the exports. I am inclined to think that the gold was pumped out of the States by the action of a depreciated paper currency, which raised prices and so attracted imports. This supposition is verified by the fact that the production of gold in America[1] kept about steady in the period, and began to fall off in 1872. Here we have another factor to add to the sum of influences causing the prodigious growth of imports in 1869-72.

The drop in exports in 1872 was due to a fall in the sales of raw cotton. Cotton exports to England were:—

(IN MILLIONS)

	Sea Island.	Other.	Total (in millions of lbs.)
1871	$1·4	$164·6	1,039
1872	1·2	*134·7*	*626*
1873	2·1	161·0	833

[1] The production of gold in the United States in this period was as follows (in millions):—

1866.........$53	1869.........$50	1872..........$36
1867 52	1870......... 50	1873.......... 36
1868......... 48	1871......... 43	1874.......... 33

There was some increase in the export of silver, but nothing very important.

The cause was a bad cotton crop. England's total imports of raw cotton were (in millions of lbs.):—

1871.........1,778	1872.........*1,409*	1873.........1,528

The period of good trade came to an end in 1873 with a crisis in Vienna, New York, and Germany. This crisis was more extended than any previous ones, and yet according to Sir Robert Giffen there never had been a commercial collapse which caused so little suffering to the mass of the English nation.[1] The trouble began with a crash in Vienna in May, 1873, due to a too rapid expansion of the credit system. In the autumn of the same year the crisis appeared in the United States. In four years the mercantile failures amounted to $775,865,000; and on January 1st, 1876, the amount of American railway bonds in default was $789,367,655.[2]

The autumn of 1873 witnessed an agitation in London, and a rise in European bank rates. In 1874 there followed a disturbance in South America, and in 1875 renewed disturbances in the United States, Germany, and in England. In 1873 Spain went bankrupt and was unable to pay interest on the Turkish debt; and in 1876 the crisis cropped up again in Russia.

Sir Robert Giffen attributes the troubles chiefly to

[1] "The Liquidations of 1873-6," "Essays," 1st series. Much that follows is taken from this essay. See also Wells' "Economic Changes," ch. i.

[2] "Economic Changes," p. 6.

the exploitation of new countries. No very terrible distress followed. Foreign trade received a check, but it was only in the optional business of export to meet the liabilities created by loans. Some industries suffered sharp pangs for a period; the iron and steel industry for instance, which in a few years had swollen to a monstrous size to supply the demands of those who were engaged in the "opening up of new countries." It was the old tale of the collapse of the made market. The following are our exports of iron and steel in all forms in this period:—

	Millions of Tons.	Millions of £.
1870	2·8	24
1871	3·2	26
1872	3·4	*36*
1873	3·0	*38*
1874	2·5	31
1875	2·5	26
1876	2·2	21

The growth had been too rapid for very much harm to result when the contraction came.

The whole of the downward sweep of trade after 1873, even the crisis, have been attributed to the fall in prices, and the fall in prices has been assigned entirely to an appreciation of gold consequent upon certain currency changes which took place just about this time.

But many other causes were operative. The railway mania, country developing, and the trade cycle

which was rolling its bright side up. The payment of the French war indemnity, moreover, would divert trade from some channels for a period and swell others. The payment of the indemnity had certainly been one of the causes of the troubles of 1873-6, so far as Germany was concerned. The new funds made capital so plentiful that it had to go a-begging for securities at as low a rate as one per cent. Thousands of new projects were in consequence called into existence, and population was attracted from the agricultural districts to the towns. Such an unnaturally rapid growth of business and cities could not long continue. The sharp and sudden reaction came in the fall of 1873, and again in 1875, the first warning being apparently insufficiently impressive.[1]

Our exports to America went on steadily falling till 1878. American exports rose till 1874, when they suffered a check, and then again they rose. Depression continued in the money market till the close of 1878. England apparently had no large funds to invest. At any rate English capitalists were not attracted by American securities, as loan and interest balances continued on our side from 1875 to 1879.

[1] Wells' "Economic Changes," p. 5.

CHAPTER VII

1878 TO 1885

AFTER depression came activity again. In 1880 the United States took some big loans from us, and they borrowed again in 1882 and 1883.

Throughout the period of depression American exports continued to advance, though their exports of gold fell off in 1877, doubtless because of the decreased premium on gold, which finally disappeared in 1878, the year before the resumption of cash payments. The resumption of cash payments stopped the export of gold and even dragged some bullion back from England, especially in 1880 and 1881. The constant increase in exports consisted almost entirely of breadstuffs and provisions. Our cereal imports from the United States were :—

(IN MILLIONS OF DOLLARS)

1876	1877	1878	1879	1880	1881	1882	1883	1884
82	70	*112*	91	*130*	*120*	94	94	63

The cause of the big numbers for the years 1878, 1880, and 1881 was the alarming failure of the wheat crops of Europe, which has been described as unparalleled for four centuries, both with respect

to duration and extent. Our wheat imports from Russia, which had been 11 million cwts. in 1877, were 9, 8, *3*, *4*, and 9 millions respectively in the five following years; and those from Germany fell from 7 millions in 1877 to 3 millions in 1880, and again in 1881. "Number 1" spring wheat on the 1st of January in 1878, 1879, and 1881, was quoted in the New York market at $1.05, $1.60, and $1.39 per bushel respectively. Corn advanced from 45 cents per bushel in 1878 to 63 cents in 1879, and 70 cents in 1881.[1] There was also a rise in the price of provisions. Had the dearth occurred in the economic dark ages populations would have been decimated.

After 1880 or 1881 American exports to us drooped unintermittently, except for an upward flutter in 1883, due to an increase in the exports of cotton and breadstuffs.

The exports of cotton had steadily declined till 1878, but in 1880 they had leapt up, and in 1881 they were the highest they had been since 1873, and higher than they again became till 1891.

From 1881 to 1886 there was a fluctuating falling off. The lowest point was reached in 1886, when a marked improvement, which culminated in the high figures of 1891, showed itself.

The expansion of imports from the United Kingdom after 1878 was due in a great degree to the big debts which the growing American exports were creating.

[1] "Economic Changes,' p. 7.

The improvement was assisted by the resumption of cash payments in the United States, which also contributed somewhat to the two years' boom which followed. In 1880 another railway mania, resulting in the building of 34,600 miles of lines, set in, and continued till 1884. If the calculations, the result of which is shown in Diagram I., are to be relied upon, English capitalists were deeply involved in the undertakings of these years. The second American railway fever ended with a collapse in 1884. But the check was not long enduring. Just for the one year, 1885, loan and interest balances were owing to us, but in 1886 we were evidently lending again to the United States to build more railways, and in the next two years the loans became enormous. General depression, nevertheless, continued till 1887, when, however, a change came with more railway enthusiasm and much company promoting.

The upward movement in imports after 1878 was not confined to one or two groups. Every branch of trade showed a new activity. The increase in iron and steel, nevertheless, throws all others in the shade. There is nothing in the tariff to explain it. In 1875, indeed, the tariff had been made more restrictive by the re-imposition of the 10 per cent. horizontal reduction. We must attribute the expansion entirely to the railways and the trade boom.

Another commodity which contributed to the ex-

pansion of imports was wool and woollens. The figures for wools are interesting:—

(IN MILLIONS OF DOLLARS)

	1879	1880	1881	1882	1883	1884	1885
Wools	2·2	*12·4*	4·5	3·9	4·7	5·9	3·7

The tariff alterations of 1875 could not very well have much to do with the enormous figure for wools in 1880. It will be remembered that there was just the same amazing increase in the importation of this commodity in 1872. We might account for part of it by the fact that the less pressing necessaries, such as clothing, furniture, and so forth, need not be renewed for moderately lengthy periods. And so in years of good trade we should expect a greater percentage of increase in the consumption of these commodities than in that of others. There is something in the suggestion, but while it is sufficient to explain a rise in the importation of dress goods from \$6·1 to \$8·7 millions, it is obviously not sufficient to explain a rise in the importation of wool from \$2·2 to \$12·4. But it may be adequate in connection with some other facts. On turning to the American statistical abstract we find that the consumption of wool in the States was 274,000,000 lbs. in 1872, and 356,000,000 lbs. in 1880, the former showing an increase of 25 per cent., the latter of 40 per cent. on previous years. These increases seem rational enough, but as the latter is the biggest known since 1863, and by a

fair percentage, it is not unlikely that there was about this time suddenly increased activity in the manufacture of woollens in the States. Now we find that the American production of wool was not out of the common in 1872 and 1880. The increased consumption was therefore entirely met by imports; and, as the States produce roughly from two to three times as much wool as they import, the increase in imports would have to show a much greater percentage than that in consumption. A 20 per cent. increase in consumption, American supplies being constant, would necessitate an advance in imports of about 50 per cent. The increase in imports in 1872 was 100 per cent., that in 1880 was 200 per cent. But we have to explain an increase of over 500 per cent. in the imports from England. The following line of argument may throw some light on the difficulty.

All America's imports of wool do not come from England, but increased imports would come largely from us, as we have a very elastic demand for American raw materials, which is greatly raised in good years. Now suppose that in normal years we are in the habit of supplying one-half[1] the wool which America buys abroad, and that all the increased supplies come from us. It immediately follows from this supposition that a 200 per cent. rise in her total imports would necessitate a 400 per cent. rise in our exports.

The Tariff Act of 1883 was passed when trade

[1] The actual proportion is roughly from a half to a third.

was dropping down. It is the most important act since that of 1867. Just about this time cries for a reduction of the tariff were becoming loud and more general, and in response to them a tariff commission was appointed in 1882. On this commission the protectionists had a clear majority. The commission reported, but as the House could not agree, no action was taken. The Senate thrust itself forward and filled the void by tacking a tariff bill on to one for the reduction of some internal taxes. The protectionists managed to have this bill referred to a conference committee, which finally settled the details which became law in 1883.[1] The measure which passed was far more protective than the original Senate bill.

The act of 1883 has been described as a measure which diminished protection. Its originators claimed that it secured an average reduction in duties of about 20 per cent., but Professor Taussig doubts the largeness of the liberty it is claimed to have accorded. There were some slight reductions on wools and woollens, but their importance was less than we should at first suppose. Moreover, additional protection was given to the finer cloths and clothing, and it became the greater the higher the values were above 80 cents per lb. Flannels, blankets, and similar goods were treated in the same way as other woollens. The duties on the cheaper grades were pared down, but

[1] See Taussig, *op. cit.*, p. 232.

the lowered duties were still high enough to be prohibitory.

In the light of this evidence it is difficult to say whether we are dealing with a measure which, with regard to woollens, increased or decreased the tariff.

On turning to the details of our exports of wool and woollens to the United States, we find no peg upon which to hang an argument—with one exception. We discover in some cases that imports have decreased when duties have decreased, and increased when duties have increased; and that when imports have varied as we should expect with tariff changes, the variation has not been sufficiently marked for any use to be made of it. The truth is that the tariff changes were not big enough to have a clearly defined effect, and that, moreover, very frequently two or more tariff changes, not all in the same direction, fell within one of the classes of commodities given by trade statistics. The tariff is so detailed that it cannot be expected that trade statistics should follow its divisions.

The one exception is that of carpets. The values of our exports of these to the United States were:—

1882	$761,000
1883	780,000
1884	*970,000*
1885	864,000
1886	996,000

A large increase, in spite of general bad trade, is apparent in 1884. Now the new Tariff Act came

into force on July 1, 1883, and the above statistics represent trade for the twelve months preceding the 1st of June of each year given, therefore 1884 above would be the first year affected by the new rates. On turning to the tariff we find that the duties on carpets were reduced all round. The total trade in carpets is, however, less than 1,000,000 dollars, so the benefit of the increased trade was small.

The principal alterations in the duties on iron and steel were as follows:—

	Previous Rates.	Rates of 1883.
Pig iron	$7 per ton.	$\frac{3}{10}$ cent per lb. ($6·72 per ton).
Iron ore	20 per cent.	76 cents per ton (35 per cent).
Bar iron (ordinary grade)	1 cent per lb.	$\frac{8}{10}$ cent. per lb.
Steel rails	$28 per ton.	$17 per ton.
Tin plates, terne plates, and taggers tin	$1\frac{1}{10}$ cents. per lb.	1 cent. per ton.

The duties on the various forms of manufactured iron went down much in the same way as those on bar and pig. Prof. Taussig says: "The new rates on iron and its manufactures were such as to have no appreciable effect on the trade and welfare of the country." And of the reduction on steel rails, the same authority judges: "If the change had been made four or five years earlier, it would have been of much practical importance."

When we examine the details of our iron and steel trade with the States we find, as we should naturally expect, considering the state of trade, that

all our exports diminish, after as well as before the new tariff, excepting only those of "tin plates, terne plates, and taggers tin." These latter commodities passed over to America in increasing quantities. And yet the reduction in duties was only $\frac{1}{11}$, whereas that in bar iron was $\frac{1}{5}$, and that on steel rails $\frac{11}{28}$; and the exports of the last two articles fell off. The explanation is that the demand for most iron and steel goods had been excessively stimulated, and that it was now suffering from a reaction, whereas the demand for tin plates, etc., had not intensified in the years of the boom, if figures tell true tales. The latter is a steady demand generally, being connected with immediately necessary commodities more than with optional ones.

Only two classes remain to be examined, namely, cotton and the group flax, hemp, etc. The other articles mentioned in the tariff are not of sufficient importance in Anglo-American trade—if they find place in it at all, directly—for detailed notice here.

Cotton cloths were classified anew. The effect, however, was a decrease in duties on the cheaper cottons, and an increase on all others. About two-thirds of the cotton imported became subject to higher duties, according to Professor Taussig, and the reductions on the coarser cloths were quite without effect as they are only slightly imported, America holding a high place in the manufacture of these goods, and exporting large quantities.

On turning up the details of the English exports of cotton to the United States, we discover a steady fall in all the classes given. Unfortunately, threads, yarns, etc., were not separated before 1884, the very year in which we look first for effects.

As regards flax and hemp there was not only a reduction in duties on raw materials — which was apparent in the other classes, but was there chiefly a show—and a reduction in those on the coarser goods, but also a quite appreciable decrease in the tariff on the finer linens.

Unfortunately we cannot find out much about detailed effects, as the statistics of the imports of flax, hemp, etc., are badly classed—the class "all other" is far the biggest—and many of the classes were not adopted till 1884. All the groups there are, which are subject to new duties, exhibit falls except the class "jute." The value of jute imported into the States from the United Kingdom was as follows:—

1882	...	...	$1,000
1883	...	...	16,000
1884	...	...	264,000
1885	...	...	152,000
1886	...	...	121,000

It is a difficult matter to formulate a judgment upon this confused tangle of facts, but after examining the tariff changes and trade figures, and after weighing Professor Taussig's opinions, I find

myself drawn without much hesitation to the conclusion that the Tariff Act of 1883 was partly a sham, but partly a real reform. A brave show of easing the burdens on raw materials all round was made; in some cases the action was nothing but a show, but in others existing burdens were actually decreased. The relief of manufactures took the form generally of cutting down duties where the effect would be least, and of raising duties where relief was needed most, except with regard to linens. The object of the procedure was to encourage the production of the better class woollens and textiles in the States.

CHAPTER VIII

1885 TO 1897

THE down-drift of trade came to an end in 1885. On the lower curve in Diagram I. a very steep ascent is to be seen between 1885 and 1886, and from 1886 to 1890 a steady upward slope. In 1886 America was apparently taking loans again in big quantities; in 1887 the loans were bigger still, and in 1888 their amount was enormous—almost as great as those at the explosion point of the inflation of the seventies. The improvement in United States imports is not reflected in exports, however, until as late as 1888. We find the same fact, namely, that the movements in exports follow those in imports only after a year or two, in the trade fluctuations of the seventies. The explanation is not far to seek. Both these trade vagaries were conditioned by railway enterprise and speculation, and much of the capital which indulged the mania came from England. Therefore, for a time, the increase in imports was met by the export of securities. It was only when the flow of capital was checked, or even turned back in its course, and

when interest became a chief element in the "loan and interest" balances, that exports had to respond to any great extent.

There were three events coincident with the improvement in trade: first, gold discoveries in the Transvaal; second, another railway fever in the United States (38,000 miles were built between 1886 and 1890, *i.e.*, a greater length than in either of the previous periods of railway activity); and third, company promotion, especially in the form of Trusts in the United States.

The gold discoveries had not a great effect. The exports from South Africa to Great Britain were:—

1886 ...	£271,000	1891 ...	£2,490,000
1887 ...	231,000	1892 ...	4,300,000
1888 ...	847,000	1893 ...	5,325,000 [1]
1889 ...	1,442,000	1894 ...	7,364,000 [1]
1890 ...	1,878,000	1895 ...	8,354,000 [1]
		1896 ...	8,003,000 [1]

The product was evidently not great till 1889, and not of much importance till even later. Index numbers support this conclusion, for they do not register a rise of prices till 1880, and then only a small one, which is quite explicable without the new gold.

The year 1890 is the *annus mirabilis* of recent commercial history. It contains the McKinley Tariff

[1] Including that sent by parcel post.

Act, the Sherman Silver Act, the Baring crisis, and the South American collapse.

Other events of far-reaching importance followed in quick succession. In 1891 there was a failure of the French and Russian harvests, and in the fall of the year came Australian failures and depression. The next year was uneventful except for cholera on the Continent. In 1893 came an Australian banking crisis, which was succeeded by an American crisis and railway collapse, the repeal of the Sherman Act, a crisis in London, and the closure of the Indian mints. Seldom has there been, in so short a period, so disturbing a succession of incidents. This was an era, too, of very disastrous industrial conflicts. Meetings of the unemployed and some rioting in London in 1886 and 1887 were followed by the dock strike of 1889, and in the early nineties by strikes on the part of the colliers, the boot and shoe operatives, the cotton operatives, and of many other workers in various branches of industry. The United States suffered with us. In 1886 there had been a noticeable cessation of strikes in America, but the calm was broken by a very tempest of conflicts, including the terrible Homestead affair in 1892, and the great Chicago strike of 1894.

American silver legislation had begun years before with the Bland Act of 1878.[1] This was a bill

[1] On this question see Prof. Taussig's article on "The Silver Situation in the United States," in the *Quarterly Journal of Economics*, and his book on the same subject.

providing for the monthly purchase of not less than \$2,000,000, and not more than \$4,000,000, dollars worth of silver to be coined into silver dollars containing 412½ grains of standard silver each. The bill was a sop to the bimetallists. A bimetallic bill had passed the House of Representatives. The Senate amended it freely, and the amended bill became law as the Bland Act. By the close of 1889 about \$350,000,000 had been coined under the authority of the act. On July 14, 1890, the Bland Act was repealed and the Sherman Act took its place. The latter provided for the monthly purchase of 4½ million ounces of silver to be coined as required. The result was that by the close of 1891 a new silver currency of some \$450,000,000 had been authorised since 1878, and, to add to the convenience of the new currency, silver certificates had been introduced. The effect of the first Silver Bill was that silver got out, and the fall in price was somewhat checked. The effect of the second bill was that much silver and many certificates got out, but much silver remained in the vaults. High prices drove out the gold (see Diagram I.), and distrust began to show itself in commercial circles. The Silver Bill was repealed in 1893, the year of the closure of the Indian Mint. These two events, of course, meant a further pressure upon gold.

The Sherman Bill at first would stimulate United States imports, but the outflow of gold and the

distrust which followed tended to check trade altogether.

The history of the Baring crisis is too well-known to need more than passing mention here. There was for a time a fear of a repetition of the awful experience of the Overend-Gurney failure; but the Bank of England supported Barings, and the fear passed. The excitement was short and sharp, but the serious consequences which threatened did not follow.

On the whole, nothing happened in 1890 outside tariff changes to cause trade to lose heart and turn tail. I am inclined to attribute very much of what followed till 1893 to the McKinley Tariff.

Shortly after the passage of the bill of 1883 several abortive attempts were made to amend the tariff, notably Mr. Morrison's. In December, 1887, President Cleveland, in his annual message to Congress, brought tariff reform into the fore-front of party questions. The elections were fought largely on the tariff question, and they resulted in a bare Republican victory and the return of President Harrison. The outcome of the victory was the McKinley Tariff Act of 1890.

The passage of the new Tariff Act was followed by a violent popular reaction. The McKinley tariff became law in October, 1890: the Congressional elections were held in November, and the Republicans suffered a crushing defeat. At the next presidential campaign, President Cleveland, as

nominee of the Democrats, was victorious over President Harrison by a large majority. The Democrats had raised the flag of tariff reform, and the response from the country had come in apparently unmistakeable terms.

The new Government might have made itself as famous as the memorable English Administration of 1846; but fate decreed otherwise. The silver question was now more than looming large. It had become so pressing that the country seemed to be on the verge of inconvertible silver on a gold basis without gold, or on the verge of a silver basis, or even of bimetallism at the impracticable ratio of 1·16. The new President justified the hopes of those who saw clearly—as Mr. Cleveland himself did—the critical position in which the country stood; but it was at the cost of much popularity and confidence, even within the ranks of his own party. The Sherman Act was repealed, but only after a hot and acrimonious contest and much internal dissension. As a result the Government was weakened for that which it was appointed to undertake—the reform of the tariff. A measure of ample and yet wise reduction of duties was framed, but the Senate, after the silver battle, was strong enough to amend it with a free despoiling hand; and strong enough also to stand its ground in the conference committee in which the bill was finally settled, in spite of the President's letter to his party to be firm in their opposition to

the damaging amendments. The bill finally agreed upon fell far short of the reform which was expected, and which the Democrats intended, and upon which Mr. Cleveland had set his heart. The new Act came into effect on August 28, 1894, to the disappointment of the free-traders and the discontent of the protectionists. Although less reform was achieved than was expected, yet an appreciable reduction of duties was secured by this tariff. As the McKinley Act and the reactionary act which followed were separated by four years only, we shall, in examining the details of trade, take within our focus a period including both.

On turning to the trade details in the period which begins just before the Tariff Act of 1890, and continues till 1895, we find that of our exports to the United States flax, hemp, etc., fell from 1890 to 1894, and then slightly rose; that cotton kept fairly steady, fell between 1893 and 1894, and then rose; that wools and woollens fell between 1890 and 1892, then rose, fell again, and this time alarmingly (more than 70 per cent.), and began to recover in 1895; that iron and steel went up for a year, down for a year, up for a year, and again down for a year—the downward movements always being greater than the upward—and then kept steady.

On going into further details with respect to our woollen imports to the United States, we discover the following facts :—

(IN MILLIONS OF DOLLARS)

Wools.	1889.	1890.	1891.	1892.	1893.	1894.	1895
Clothing (Class I.)	2·4	3·0	4·7	5·4	5·6	·72	·2
Combing (Class II.)	1·5	1·7	1·3	·8	1·0	·30	·04
Carpet (Class III.)	4·9	3·8	3·2	1·6	3·0	·69	·19
Carpets	·68	·72	·67	·62	·60	·34	·50
Dress Goods (Women & Children's)	7·7	9·8	6·4	5·0	4·6	2·0	4·8
Knit Fabrics	·81	·98	·56	·46	·51	·33	·39
Shawls	·3	·4	·2	·1	·1	·05	·06
Cloths	5·3	11·7	8·3	9·3	11·8	5·1	13·3

It will be noticed that in every case but one there is a fall in 1891. The exception is clothing wools, the trade in which increased steadily. The recovery of 1893, and the fall in 1894, are apparently due to the improved trade after the crisis of 1890, and to the crisis at the end of 1893, respectively.

The duties on wools were on the whole slightly increased in 1890. In 1894 all wools were admitted free. Some new provisions made the rates of 1890 higher than they appeared. For instance, mixed wools were classed with those of highest value contained in the mixture, and sorted wools paid double duty.

The importation of clothing wools appeared to increase in 1891, because the new tariff raised the rates on the cheaper wools particularly, with the result that frauds were fewer and more wools were entered as clothing wools, which are the better qualities.

The explanation of the amazing figures for 1894 and 1895 is simple. The figures for 1894 are those for the period June, 1893, to June, 1894. The Act

making wool free came into operation in August, 1894. It was known that "free wool" was coming. This accounts for the low figure for 1894. The low figure for 1895 is for two months only—namely, June and July, 1894—for in August wool became free, and the figure above is from the list of dutiable imports. On turning to free imports, we find that wool, for the ten months August, 1894 to June, 1895, amounts to $11·35 millions (*i.e.*, wool was imported at the rate of $13·62 millions per annum). This is prodigious when compared with the figures above. It may be argued that absence of duty would cause the value per lb. to be stated higher, because the temptation to undervalue was removed. But on comparing the weights imported with those of the previous maximum year (1893), we have 75·27 million pounds against 61·11 million pounds, showing an increase of nearly 25 per cent. The Act of 1894 seems to have had a very considerable influence on wool imports, all allowances being made for other influences at work and for the first rush at the free aperture.

The American wool trade had undergone a change just at the beginning of this period. In 1886 the consumption of wool in the States expanded, the home production began to fail, and imports largely increased. The following table defines the situation :—

(IN MILLIONS OF LBS.)

	Home Product.	Imports.	Consumption.	Imports from U.K.	Per cent. of Consumption Foreign.
1884 ...	300	78	376	32	20·6
1885 ...	308	71	375	22	18
1886 ...	302	129	424	50	28·9
1887 ...	285	114	392	50	27·4
1888 ...	269	113	378	44	28·9

The variation was not merely temporary. The new conditions have remained. The cause may possibly be the ease on importation given by the Act of 1883; but Prof. Taussig inclines to the view that the duty on the coarser wools was still prohibitive, and that the reductions in duties with respect to the finer wools were too small to have an appreciable effect. Just about this time there was a great expansion in the Australasian and South African wool trades. The price of wool also fell. The last two facts, combined with the tariff, are sufficient to suggest an explanation of the new position in the American wool trade. I should attribute the change very largely to an increase in the difference between the costs of production of wool in the States and in other countries.

With respect to woollen cloths, knit fabrics, and shawls, on the qualities of no importance as regards imports the duties were lowered by the McKinley Tariff, but on the higher classes they were enormously raised, both the specific and the *ad valorem.* The object was to encourage the production of the better

graded goods in the States. Whether success would have followed cannot be known, as the policy was reversed in 1894.

On glancing at the rates of 1894 we find great reductions. The specific duty was abolished, of course, with the repeal of the duty on wool; but the relief afforded was more than the difference between the *ad valorem* rates of 1890 and those of 1894, since the specific rates of 1890, especially on the better cloth, were notoriously too high as mere compensatory duties. The new rates on woollens of 1894 did not come into force till January, 1895, that the blast might be tempered to the less protected manufactures.

We observe, on turning to the trade figures previously given, that the imports of cloths, shawls, and knit fabrics, all of which come under the above rates, fall off in 1891, and that the imports of all, except shawls, increase in 1895.

The figures for 1895 show that the relief afforded by the duties of 1894 was great, especially when we bear in mind that it includes six months' imports while the McKinley Tariff remained in force. Of course in those last six months of the old *régime* the imports were naturally small, because woollens would wait till the new regulations applied to them before crossing the Atlantic.

There was a great rise in the duties on women and children's dress goods in 1890, and no reduction in

1894, as regards goods valued at over 50 cents per pound (that is practically all goods imported to any great extent). The figures already given show the reaction on the high rates.

The duties on carpets were raised greatly in 1890, and in 1894 they were left practically untouched, except for the abolition of the specific rates.

The burden imposed on blankets and flannels by the McKinley Tariff was weighty in the extreme. Bradford and the surrounding Yorkshire towns suffered greatly in consequence. A large measure of relief came, however, in 1894. Unfortunately blankets and flannels have not a separate class in American trade statistics. The following are the figures for the "all other" class of the "wool and woollens" group:—

(IN MILLIONS OF DOLLARS)

1887	1888	1889	1890	1891	1892	1893	1894	1895
4·8	5·9	9·7	2·9	1·9	·2	·2	·1	·6

Let us now consider the trade in iron and steel. Some of the chief changes in the duties on iron and steel goods are given below:—

	1883.	1890.	1894.
Pig Iron,	$6·72 per ton.	Unaltered.	$4 per ton.
Steel Rails	$17 ,,	$13·44	$7·84 ,,
Tin Plates, Terne ,, Taggers Tin	1 cent per lb.	$2\frac{2}{10}$ cents.[1]	$1\frac{1}{5}$ cents per lb.

[1] Equivalent to 70 per cent. Conditional after Oct. 1, 1897, on home production being a third of the imports in any year before that date. Failing this importation to be free.

The imports of pig iron were :—

(IN MILLIONS OF DOLLARS)

1889	1890	1891	1892	1893	1894	1895
2·0	2·8	1·6	1·2	1·1	·3	·3

These figures, like all iron and steel figures, are so much affected by great variations in demand that they are difficult to interpret. There was much railway enterprise, for instance, up to 1890. The figures for pig iron have steadily declined for years, for the reason that the American iron industry has rapidly improved since ore and coal were found together in large quantities and in convenient localities. Steel rails and bar iron are also produced in the States to-day in great quantities at a reasonable cost.

The figures for tin plates, etc., are full of interest. They are :—

(IN MILLIONS OF DOLLARS)

1888	1889	1890	1891	1892	1893	1894	1895
19·0	21·0	20·9	*35·6*	12·3	17·6	12·0	12·0

The trade for 1891 is amazing. In this year, 1,034 million pounds were imported. The highest number previously had been 734 millions in 1887. The cause of the high figure for 1891 is as follows: The new rate did not come into operation until June, 1891. English manufacturers saw that its weight was very great. It had been increased 120 per cent. They therefore rushed out their stocks, and American importers were of course eager to buy before the

new tariff came into force, and sent up the price. No recovery showed itself in 1895, partly because much of this industry was no longer there to recover. The shock which the English industry suffered is indicated to some extent by the export of tinned plates, the figures of which are given below (in millions of pounds sterling):—

1888	1889	1890	1891	1892	1893	1894	1895	1896
5.55	6·03	6·36	7·17	5·33	4·99	4·34	4·24	3·04

So terrible was the blow that apparently the relief of 1894 came too late.

The second half of this century had found England almost holding a monopoly in the manufacture of all kinds of tin plates. In 1890 came the McKinley tariff containing the clause raising duties on "tin plates, terne plates, and taggers tin" from 1 cent to $2\frac{2}{10}$ cents per pound—that is to a rate of about 70 per cent. *ad valorem.* This clause met with vigorous opposition on the ground that it was absurd to protect an industry which did not exist, but there was at that time a party whose ideal was a complete collection of industries in the States, and the clause was forced through. It is quite true to say that in 1890 there was no tin plate industry in the United States. There were indeed some mills, but their operations were more of the nature of experiments than of industrial undertakings. In view of this fact the tin

plate clause in the new Tariff Act was held over for six months to ensure supplies while the American industry was being born.

Immediately on the passage of the McKinley Act, the price of tin plates in South Wales rose from 20 to 30 per cent. As British manufacturers would have no reason to hold stocks, and as they were not combined in any way, the increased price points to an excessive demand, which suggests that American consumers had not much faith in the immediate advantages to be derived from the home industry.

The manufacturers of South Wales do not appear to have been thrown into a panic immediately. But evidence is conflicting. There seems, however, to have been no general belief that the tin plate industry would finally establish itself extensively in the States, although a serious contraction in demand was expected to result from the Act. It was not until some years later, when the tariff became easier, that the South Wales manufacturers admitted that the American market was cut off, and advocated the policy of a corner to encourage the dying industry to leave a legacy.

Four years after the McKinley Bill became law, Mr. Ayers reported to the Treasury Department on the state of the American tin plate industry. The report showed it to be flourishing. The following figures give its growth:—

PRODUCTION OF TIN PLATES IN THE UNITED STATES.

	Tin Plates.	Terne Plates.
1891-2	4·5	9·1
1892-3	45·7	54·0
1893-4	81·6	57·6

(In millions of lbs.)

A number of Welsh tin plate workers had emigrated to the States. There is doubt as to whether these Welsh immigrants were essential to the foundation of the American industry. Investigations were made in 1895 by the Commissioner of the *Engineer*, and some firms replied to his inquiries that the skilled Welsh workmen were necessary for the commercial success of the new venture, whereas others informed him that they employed no Welsh workmen at all. The latter, however, seem to have beeh those who confined themselves to a branch only of the business. Certainly, in America in 1890, the immigration of Welsh workmen was looked upon as necessary, and some anxiety was felt because of the immigration laws. The Superintendent of Immigration, however, set all doubts at rest by declaring that "the law plainly intends that skilled labour may be imported into the United States to do work in an industry not yet established, provided skilled workmen in that industry cannot be found in America."

In 1894 the duty on tin plates was reduced to $1\frac{1}{5}$ cents, but this afforded no relief to the South Wales industry. At the same time duty on the black plates

had been raised to 1·1 cents, and that on black plates pickled and cold rolled (that is ready prepared for "dipping") to 1·22½ cents. The duty on tin plates was only 1·20 cents., so the duty on the raw material for the last stage of manufacture was actually higher than the duty on the finished article. The result was not that we exported more tin plates, but that American "dippers" began to manufacture their own black plates, or to purchase them in America.

The Commissioner of the *Engineer* reported in 1895 that the American tin plate industry was flourishing, that many South Wales methods had even then become obsolete, and that everything pointed to a vigorous life. Our exports to the States did not improve after 1894, for one reason because the American industry no longer needed heavy protection.

The Tariff Act of 1897 raised the duty on tin plates, terne plates, and taggers tin from 1.20 cents to 1.50 cents per lb. It is too early to say yet what the effect will be. The higher tariff attacks our last position in America, that is the Californian markets, which alone remained to us in 1897.

The South Wales industry has suffered a hard experience. America now largely supplies her own requirements, and France, Germany, Italy, and Spain have recently taken to producing their own tin plates. The following figures exhibit our present position:—

EXPORT OF TIN PLATES.

	Tons.	£
1889	431,000	6,030,000
1890	422,000	6,361,000
1891	448,000	7,167,000
1892	395,000	5,330,000
1893	379,000	4,991,000
1894	353,000	4,339,000
1895	366,000	4,239,000
1896	267,000	3,036,000
1897	271,000	3,038,000

EXPORT OF BLACK PLATES FOR TINNING.

	Iron.		Steel.	
1895 ...	3,055 tons	£32,410	31,000 tons	£305,000
1896 ...	2,972 „	25,924	45,000 „	452,000
1897 ...	924 „	25,262	56,000 „	545,000

Of 490 mills in England and Wales only 302 were in operation at the end of April, 1897; and by the end of June the number of active mills in 88 works was only 273 out of 488, or 29 less than at the end of May.[1]

Let us now turn to the trade in cotton manufactures. The figures for imports of threads are :—

(IN MILLIONS OF DOLLARS)

1889.	1890.	1891.	1892.	1893.	1894.	1895.
·75	·77	·76	·58	·67	·26	·60

[1] For information upon the whole question of the tin plate industry the writer is chiefly indebted to the numerous articles in the *Engineer* from 1890 to the present date; also, to Mr. George D. Hammond's paper before the Iron and Steel Institute in August, 1897.

Here is a fall after 1890 and a rise in 1895. The middle qualities of thread were the ones attacked by the McKinley Tariff. The act of 1894 brought all duties below the level of those of 1883.

The cotton cloth duties are very intricate. It will be gathered from an examination of them that the Act of 1890 lowered duties on the unimportant coarse goods and raised them on the finer goods. The act of 1894 introduced considerable remissions, both directly in specific rates and in the *ad valorem* rates, and also indirectly by raising the limits within which the higher *ad valorem* rates operated. The drag-net clause (*i.e.*, the clause applying to the unenumerated commodities) imposed an increased duty in 1890, which was reduced in 1894 to the rate of 1883. On the whole, however, the cotton cloth trade was not adversely affected by the act of 1890.

The following are the figures for imports into the United States of cotton cloth (bleached, dyed, etc.):—

(IN MILLIONS OF DOLLARS)

1889.	1890.	1891.	1892.	1893.	1894.	1895.
2·23	2·65	3·57	3·89	4·93	2·85	4·30

The steady rise is peculiar. It must be put down chiefly to improvements in production here surmounting what additional restriction the law of 1890 gave; and perhaps, also, to the substitution of cottons for woollens to some extent in the States; also, perhaps, to the fact that the check on some trades stimulated other trades.

The disturbance of our cotton trade with India may also have had some effect. The exports of certain classes of cotton goods to India have been falling off for some years, and the large proportion which fixed capital charges form of the total cost of production in the cotton industry, prevents a rapid reduction of supplies in response to failing demands. Hence the forcing of cotton goods on other markets.

The rise in 1895 in exports to America can be partly explained by the act of 1894.

The figures for knit goods are very different. They are :—

(IN MILLIONS OF DOLLARS)

1889.	1890.	1891.	1892.	1893.	1894.	1895.
·95	·75	·47	·29	·24	·13	·23

Here is a very big fall followed by signs of recovery in 1895. The facts are not surprising seeing that the 40 per cent. *ad valorem* rate of 1883 was replaced by a complicated system of graded duties which managed to impose an average rate of about 70 per cent.[1] on those goods which were imported. In 1894 a simple *ad valorem* rate of 50 per cent. took the place of the confusion of burdens imposed in 1890.

The McKinley Tariff raised the duties on the whole on the commodities grouped as flax, hemp, etc. Trade reflected the increase. In 1894 the duties were lowered and seven new classes were placed on the free list.

We have now to briefly examine British imports

[1] See Taussig, *op. cit.*, p. 286.

from America in this last period. In 1888 American exports began to increase, in 1892 they had reached a maximum, and then a decline set in. We find on closer examination that the export of animals, etc., had attained a high point in 1890, but that after a year's decline it attained an even higher point in 1892, and an equally high point in 1894; that the export of cotton rose from about $244,000,000 in 1886 to $344,000,000 in 1892, from which high point it dropped to $200,000,000 in 1893; that the exports of breadstuffs were $140,000,000 in 1891, that they more than doubled in 1892, and that they fell very considerably after that date. The high level of good trade in different departments seems to have been reached at times as much as two years apart from each other. This fact points to other causes than the mere trade cycle for the ups and downs of the exports of the various kinds of commodities.

The figures for raw cotton exports are:—

(IN MILLIONS OF DOLLARS)

	1888.	1889.	1890.	1891.	1892.	1893.	1894.	1895.
	138	145	146	168	145	98	115	102
Sea Island	1·5	1·2	2·1	2·7	1·5	1·6	2·6	2·4
	139·5	146·2	148·1	*170·7*	146·5	*99·6*	*117·6*	*104·4*
Weights in millions of lbs.	1,349	1,424	1,317	*1,618*	1,406	*1,056*	*1,393*	*1,305*

The amounts for 1891, 1893, 1894, and 1895 are very remarkable.

On reference to the statistics of English imports of

cotton from various countries, we notice that the totals from all countries were (in millions of pounds weight):—

1888.	1889.	1890.	1891.	1892.	1893.	1894.	1895.	1896.
1,732	1,937	1,793	*1,995*	1,775	*1,417*	1,788	1,757	1,755

The excess in 1891 and defect in 1893 signify that the fluctuations in America's exports to us in those years were not entirely due to variations in demand consequent upon alterations in supplies from other sources.[1] There must have been an exceptionally good crop in America in 1891, and a bad one in 1893. America's total production and exports prove the inference to be correct. The exports were (in millions of pounds weight):—

1888.	1889.	1890.	1891.	1892.	1893.	1894.
2,264	2,385	2,472	*2,907*	2,935	*2,212*	2,683

And production was (also in millions of pounds weight):—

3,439	3,440	3,627	*4,316*	*4,507*	*3,353*	3,769

[1] We discover, moreover, that in 1891 the imports from the East Indies began to fail. Their average for the eight or ten years ending in 1890 had been well over 200 million pounds; in 1891 and the succeeding years the amounts were 101, 69. 62, 77, 52, and 66 millions of pounds weight. This contraction was however offset in some degree by expansion in Egyptian exports. The imports from Egypt were always less than 200 million pounds until 1891, when they were 225 millions, and in the next five years they were respectively 261, 220, 256, 285, and 273 millions.

The best American crop was that of 1892, but the exports to England were only normal, probably because of her heavy imports in the previous year.

The figures for breadstuffs are:—

(IN MILLIONS OF DOLLARS)

	1888.	1889.	1890.	1891.	1892.	1893.	1894.	1895.
Corn -	8	20	23	8	*20*	9	12	8
Wheat -	35	28	31	27	*69*	58	34	30
Wheat-flour	38	26	35	34	*47*	48	43	31
	81	74	89	69	*136*	115	89	69

The export of 1892 is explained by a disastrous failure of the Russian wheat crop between two years of bad harvests, side by side with an exceptional good harvest in America after a very bad one. Our imports of wheat and flour from Russia were (in millions of cwts.):—

1888.	1889.	1890.	1891.	1892.	1893.	1894.	1895.	1896.
22	23	20	15	*4*	10	17	23	17

The following are the total poods of wheat exported from Russia in some of these years (in millions):—

1890.	1891.	1892.	1893.	1894.
182	176	*82*	156	205

The production of wheat in the United States was as follows (in millions of bushels):—

1888.	1889.	1890.	1891.	1892.	1893.	1894.
456	416	491	399	*612*	516	396

These figures establish beyond question the view put forward above as to the excessive American exports of 1892. We may also glean from them that the diminution in the export of breadstuffs in 1894 was partly necessitated by a deficient harvest.

On glancing through the various classes of provisions imported from the United States I find that the increase of 1890 is made up of increases under almost every head. Improvement is steady and especially marked in "hog products" (bacon, ham, and lard), and there is no falling off, as in trade in other commodities, in 1894 or 1895. The reason seems to be, firstly, that provisions are necessaries, and secondly, that the American provision trade is now established on a firm footing. We have already noticed the beginning of this industry about 1846, its marvellous expansion up to 1881, its period of inconsiderable depression, and now we see it in its second stage of activity.

Almost the same movements are to be witnessed in the trade in cattle. This trade began as late as 1874, and its increase has been almost continuous. Now about $30,000,000 worth of cattle are imported into this country from the States every year. It is a trade which was of course impossible until the improvements in ocean transportation of the early seventies had taken place.

Another important tariff act comes within the period we are examining. Its effect cannot yet be

traced, as it was not passed till July 24th, 1897. It will be interesting, however, to compare it with its predecessors, and so to arrive at an idea of the present trend of protection in the United States.

We have seen that the tariff of 1890 reached the very acme of restrictiveness and complexity with regard to many goods; that a reaction came in 1894, when the tariff was distinguished by moderation and simplicity. Free traders were rendered hopeful, although the act of 1894 was a disappointment to them in many ways. Professor Taussig prophesied that wool had acquired a permanent abiding-place on the free list. The fate of prophets has overtaken the economist. The year 1897 saw a violent reaction nearly all along the line. The event is not yet sufficiently in perspective to enable the historian to adequately investigate its causes, but we may nevertheless hazard a few remarks. America is at present tempted by twin sirens, silver and protection. In the campaign of 1896 the Republicans advocated protection, while the Democrats staked their all on silver. The inevitable point to point opposition of political parties brought it about that the Republicans were secondarily gold men and the Democrats secondarily moderationists on the tariff question. Both parties were naturally bidding high for the working-class vote. The Republicans decked out their bribe in the form of protection against "the pauper labour of

Europe," while the Democrats proposed to use silver as a lever to raise the burden of debt. The result of the elections was the triumph of the Republicans and the return of Mr. McKinley—a victory which might as easily mean prejudices against silver as illusions with regard to protection. The Republicans were so anxious to reap the immediate fruits of their success that a tariff act was forced through in an extra session in 1897.

The new Act has three main characteristics. Firstly, increased protection; secondly, protection of the agricultural interest; and thirdly, facilities for commercial treaties. The second feature is probably due to the hold which the silver idea had acquired in the West under the fostering care of the Democrats, and which was a standing menace to the Republicans, who were naturally anxious to eradicate it. The duties on wool of 1890 (11 cents per pound on those of the first class and 12 cents on those of the second class) were therefore restored; a duty was imposed on hides (15 per cent. *ad valorem*); the fruit of California and Florida was protected; and the duties on prepared flax were raised from $1\frac{1}{2}$ to $3\frac{1}{2}$ cents per pound, that is, to the rates of 1890.[1]

Iron and steel were left on the whole untouched by the Act of 1897. Some duties were lowered;

[1] For the history of the tariff of 1897 and its main characteristics see Professor Taussig's article in the *Quarterly Journal of Economics.*

there was a slight increase in the duty on iron ore; and that on tin plates, terne plates and taggers tin was raised from $1\frac{1}{5}$ to $1\frac{1}{2}$ cents per pound.

The Dingley tariff re-established the old compound system of duties on woollens by the re-imposition of duties on wool. On yarns the *ad valorem* duty was fixed at 40 per cent. (in addition to the specific duty to offset the duty on wool). The rates of 1894 had been 30 per cent. for all woollens whose value was less than 40 cents per pound, and 40 per cent. for all others; and those (*ad valorem* only) of 1890 had been 35 per cent. and 40 per cent. respectively when the value was less or more than 40 cents per pound. The Act of 1897 also imposed on the middle-class yarns an increased specific duty compared with that of 1890.[1] The *ad valorem* duties, in addition to the specific duties on cloths not otherwise provided for were fixed at 50 and 55 per cent. according to value; in 1894 they had been 35 and 40 per cent.; and in 1890, 40 and 50 per cent. The specific duties on the middle-class cloths were also higher in 1897 than in 1890. The rates on women's and children's dress goods were raised, and complications in classification were added. On the whole wool and woollens are very severely treated.

1 Yarns whose value lies between 30 and 40 cents have to pay three and a half times the amount of the duty on a pound of wool. Under the act of 1890 these yarns paid only three times the amount.

The cotton schedule of 1894 remained generally unaltered in 1897.

The flax, hemp, jute, etc., schedule has increases. With respect to certain classes of linens a change was made from *ad valorem* to specific duties with an appreciable rise in the amount of the burden. In 1890 the duty on linens in general had been 50 per cent.; in 1894 it was reduced to 35 per cent. In 1897, for the first time, linens were subjected to compound duties. They were graded somewhat as cottons. If the threads were 60 or less to the square inch the specific duty was $1\frac{3}{4}$ cents per square yard; if the number of threads was between 60 and 120 the duty was $2\frac{3}{4}$ cents; if between 120 and 180 the duty was 6 cents; and for all above 180, 9 cents. The *ad valorem* rate was in all cases 30 per cent. It was further provided that none of the above classes should pay less than 50 per cent. *ad valorem*. Finer linens (those weighing less than $4\frac{1}{2}$ oz. per yard, and containing more than 100 threads to the square inch) escaped with an *ad valorem* rate of 35 per cent. Linen laces, and articles trimmed with lace or embroidery, have to pay 60 per cent., that is, 10 per cent. more than they were charged in 1890. Burlaps and bagging for cotton were called back from the places in the free list to which they had been presented in 1894.

The President is empowered, on the advice and consent of the Senate, to reduce any of the duties

imposed by the act of 1897 by not more than 20 per cent., and for a period not exceeding five years, by treaty, if he deem it to the interest of the United States so to do.

CHAPTER IX

THE GENERAL MOVEMENTS IN ANGLO-AMERICAN TRADE

THERE are four clearly defined periods in American commercial policy: first, moderate free trade till the conclusion of the war with England; then, protection of native manufacturing industries up to about 1845; then, many of the industries being established, moderate free trade till the war; and thereafter, a reaction to protection, including agricultural protection, which continues and even intensifies, the act of 1883 notwithstanding, up to the present time. Now an examination of American exports shows two general changes in direction in the period from 1826 to 1890. About 1845 they increased rapidly, and after about 1870 the sharp rise came to an end.

The suggested implication is obvious. At the same time it is well to bear in mind that tariff changes follow as well as precede changes in trade. Ugo Rabbeno has said, "In our opinion, commercial policy, for all the influence it may have on the economy of

a country, is much more important as an effect than as a cause of its economic condition."[1]

When total Anglo-American trade is compared with total American trade it will be noticed that from 1846 to the end of the war period the former increases more rapidly than the latter, but that after the war period the latter increased more rapidly than the former. This is what tariff facts would lead us to expect. In the days of an easy American tariff America's trade with a free-trade country increased faster than her trade with other countries; but in the days of a heavy American tariff, which bore with special weight on British products, America's total trade increased faster than the specially burdened trade, that is, trade with the United Kingdom.

On comparing total English trade with total American trade we discover that after 1869 the latter expanded more rapidly than the former. But America's population has grown considerably faster than ours recently. In the last fifty years their population increased about 130 per cent., whereas ours increased only about 36 per cent. If we draw curves of trade per head of population we shall find not only that our trade per head is enormously greater than theirs—in 1894 the latter was between £5 and £6, and the former was nearly £20—but also that it grew much faster from the time of the adoption of

[1] "American Commercial Policy," p. 251.

free trade until about 1870. From 1870 to 1880 America's foreign trade per head increased faster than that of the United Kingdom. After 1870 the former was steady, but the latter fell.[1] The explanation here probably is that the United States was still slowly attaining to the high level of foreign trade reached by the United Kingdom some years before.

[1] This fall, and the steadiness of American trade, are appearances only for which the drop in prices is responsible. If allowance is made for the depreciation in the value of money both trades will be seen to increase, England's, of course, at a less rate than America's.

APPENDIX I.

TOTAL TRADE BETWEEN THE UNITED STATES AND THE UNITED KINGDOM.

AMERICAN FIGURES
(In Dollars. 00,000 omitted).

	Merchandise.						Gold and Silver Coin and Bullion.	
	Exports.			Imports.				
	Domestic.	Foreign.	Total.	Free.	Dutiable.	Total.	Exports.	Imports.
Sept. 30. 1821	186	2	188	4	241	244	19	6
2	235	2	237	5	342	347	8	1
3	208	7	215	3	273	276	4	3
4	203	10	213	4	276	279	3	2
5	350	18	368	8	358	366	3	1
6	203	10	213	5	255	260	7	1
7	255	7	262	8	295	303	2	—
8	195	7	202	8	320	328	29	—
9	225	12	237	6	246	252	6	—
1830	255	7	262	6	237	244	1	1
1	300	8	307	11	429	440	22	1
2	270	18	288	11	358	368	20	1
3	309	15	324	24	354	378	—	—
4	412	30	442	117	297	414	—	58
5	512	9	521	185	414	599	—	13
6	560	19	579	230	533	763	—	23
7	491	31	521	121	326	448	25	1
8	506	15	522	108	250	359	—	90
9	551	16	568	198	447	645	22	14
1840	523	26	549	99	231	329	44	8
1	449	16	465	153	308	461	30	6
2	377	19	396	25	315	340	17	2
June 30, 3	397	11	408	4	116	120	—	143
4	478	11	489	13	398	409	1	11
5	441	12	454	14	439	453	37	2
6	455	8	463	20	427	447	10	5
7	863	10	873	15	466	481	—	195
8	667	7	674	13	586	598	93	20
9	764	14	778	15	570	585	8	27
1850	684	23	706	14	733	746	25	5
1	980	29	1008	12	916	927	171	11
2	787	26	813	14	877	891	343	15
3	999	28	1027	21	1279	1300	186	3

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